



Sustainability and Business Model Innovation

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*What you hope
to get out of
this?*

Life is good



Until it is not

Growth of Turkey
(Weight (kilos))

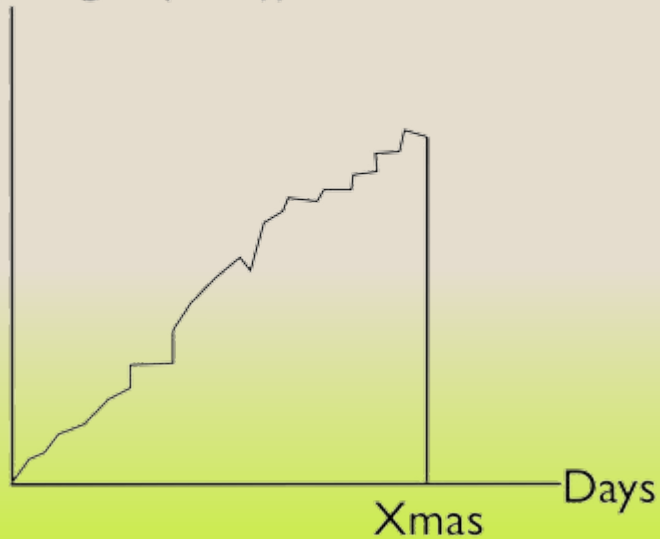


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01. *Sustainability*



Maintain or support a process continuously.

*How would you
define sustainability
or sustainable
development?*

Sustainability is often thought of as a **long-term goal** (i.e. a more sustainable world), while sustainable development refers to the many **processes and pathways to achieve it** (e.g. sustainable agriculture and forestry, sustainable production and consumption, good government, research and technology transfer, education and training, etc.).

“Sustainable development focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs.”

*World Commission on Environment and
Development (the Brundtland Commission), 1987*

Inefficient use of resources



Global extraction of materials tripled since 1970

Waste generation set to increase **70%** by 2050

Over **90% of biodiversity loss and water stress** from resource extraction and processing

High strategic and **material dependency**

Planetary boundaries exceeded



EU has less than 10% of world population, yet its **consumption-based impacts are close to or exceed boundaries** for climate change, particulate matter, land use and mineral resources (Sala et al, 2020)

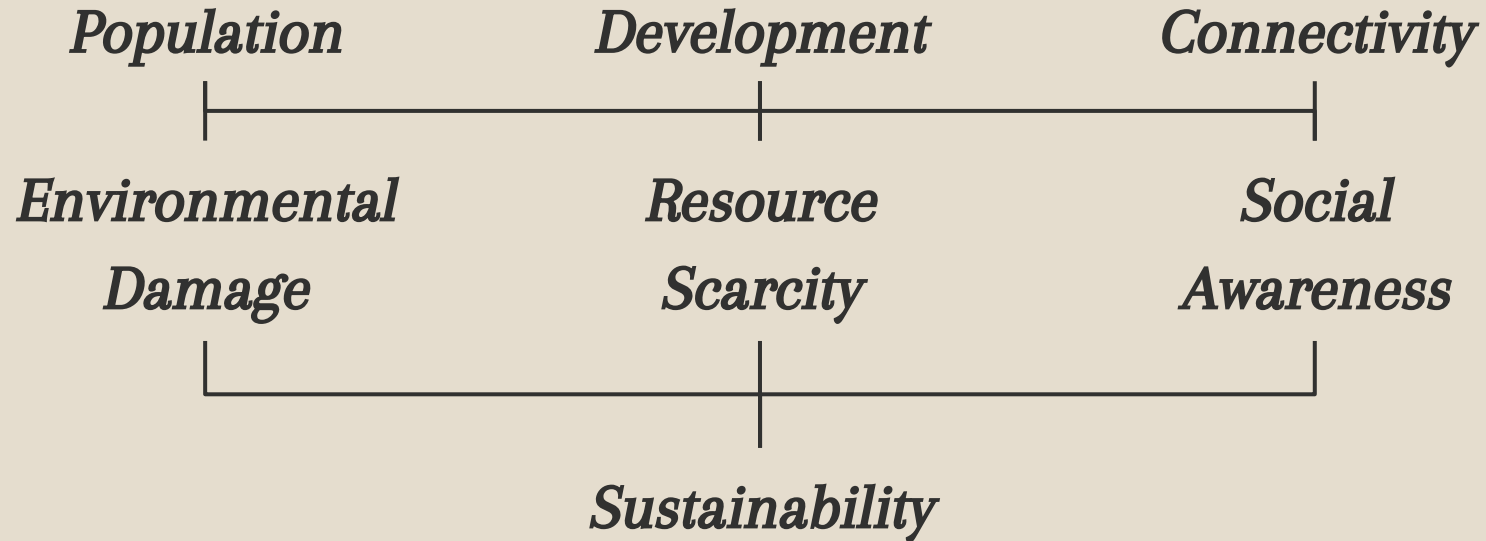
Missed business opportunities



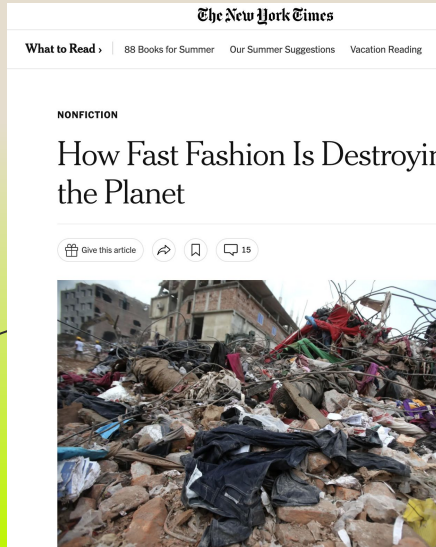
EU industry still accounts for **20% of the EU's greenhouse gas emissions**

Demand for recycled materials remains low

Global trends, Outcomes & Response



Sustainability no longer can be ignored



Sustainability is an important topic being spoken about and it can no longer be ignored...

*...a lot of confusion and challenges around
the topic*

*What does
sustainability
mean for me?*

*How can I
leverage
sustainability in
my company?*

*How can I
support my
client to leverage
sustainability?*

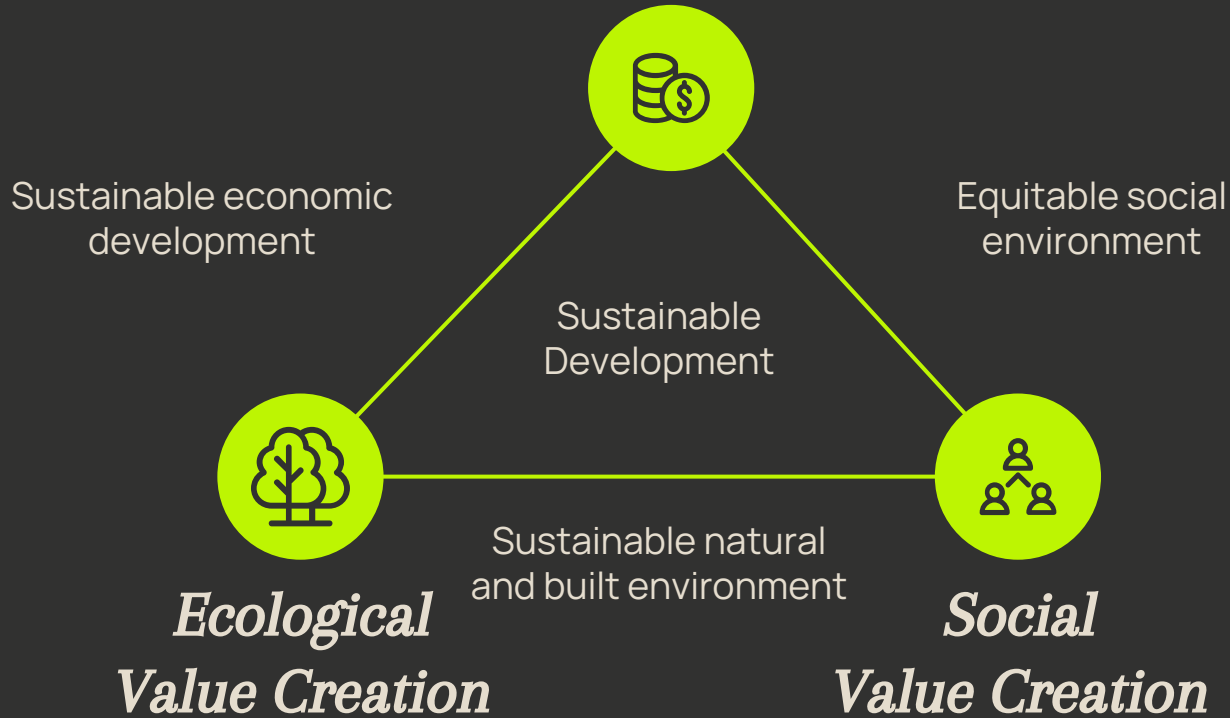
Triple bottom line framework

1994, coined by John Elkington

Aims to incorporate economic, environmental and social considerations into a company's evaluation and decision making processes.

- **Economic Line:** it focuses on the economic value provided by the organization to the surrounding system in a way that prospers it and promotes for its capability to support future generations.
- **Social Line:** focuses on the interaction between the community and the organization and addresses issues related to community involvement, employee relations, and fair wages
- **Environmental Line:** pertains to the efficient use of energy resources, reducing greenhouse gas emissions, and minimizing the ecological footprint

Economic Value Creation



UN Agenda 2030 for Sustainable Development

2015, United Nations General Assembly

Aims to provide a blueprint to achieve a better and more sustainable future for all.

The 17 SDGs focus on 5 critical areas:

- **People:** to end poverty and hunger, in all their forms and dimensions
- **Planet:** to protect the planet from degradation through sustainable consumption and production, sustainable management of natural resources and urgent action on climate change
- **Prosperity:** all human beings can enjoy prosperous and fulfilling lives, and progress occurs in harmony with nature
- **Peace:** foster peaceful, just and inclusive societies which are free from fear and violence
- **Partnership:** mobilize the means required to implement this Agenda through a revitalized Global Partnership for Sustainable Development



SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS


SUSTAINABLE DEVELOPMENT GOALS

“It’s time to **end the model of ‘take, make, break, and throw away’** that is so harmful to our planet, our health and our economy. Today’s proposals will ensure that **only the most sustainable products are sold in Europe**. They allow consumers to **save energy, repair and not replace broken products**, and make **smart environmental choices** when they are shopping for new ones.”

— *Frans Timmermans*

*Europe needs industry
to become greener,
more circular and more
digital while remaining
globally competitive.*

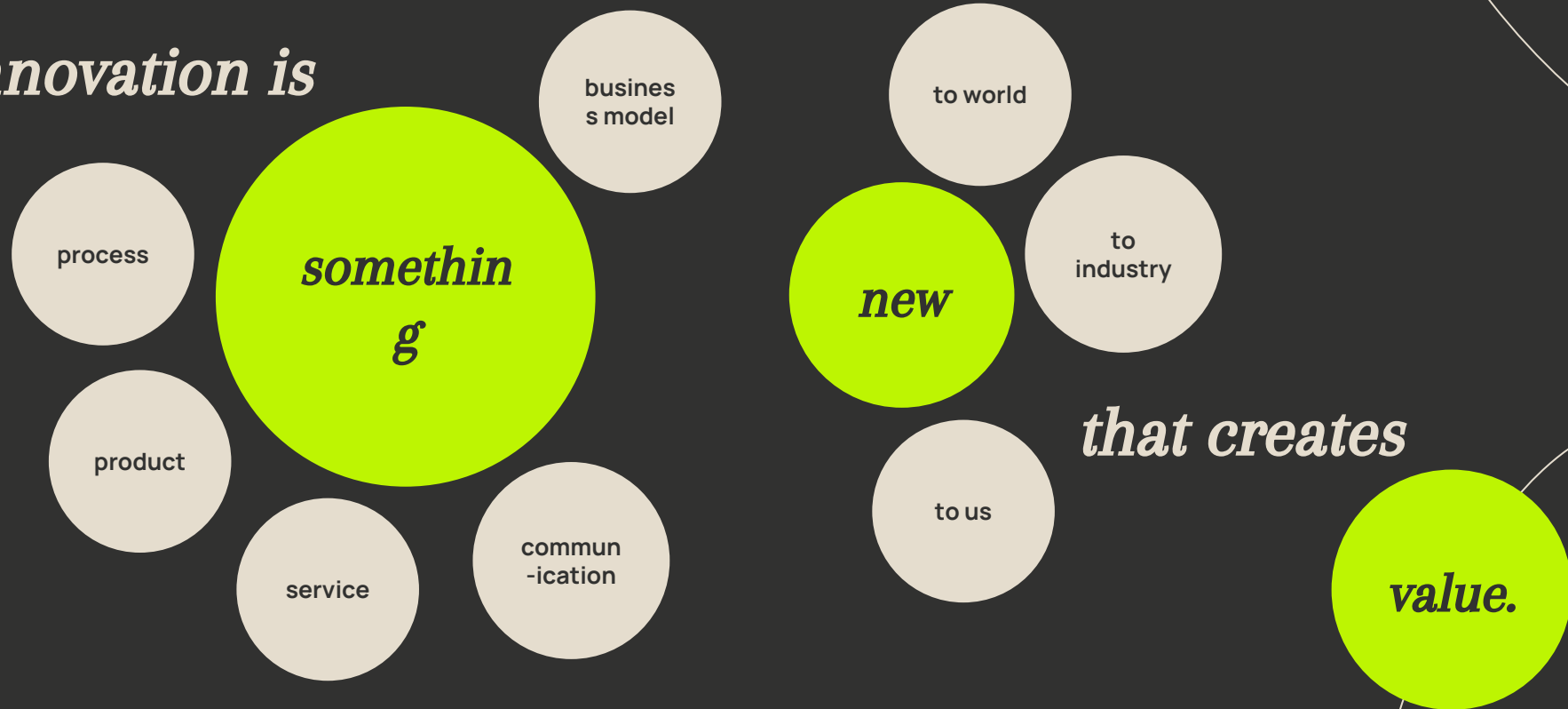
02. *Innovation*



Something new that creates value.

Our definition of innovation

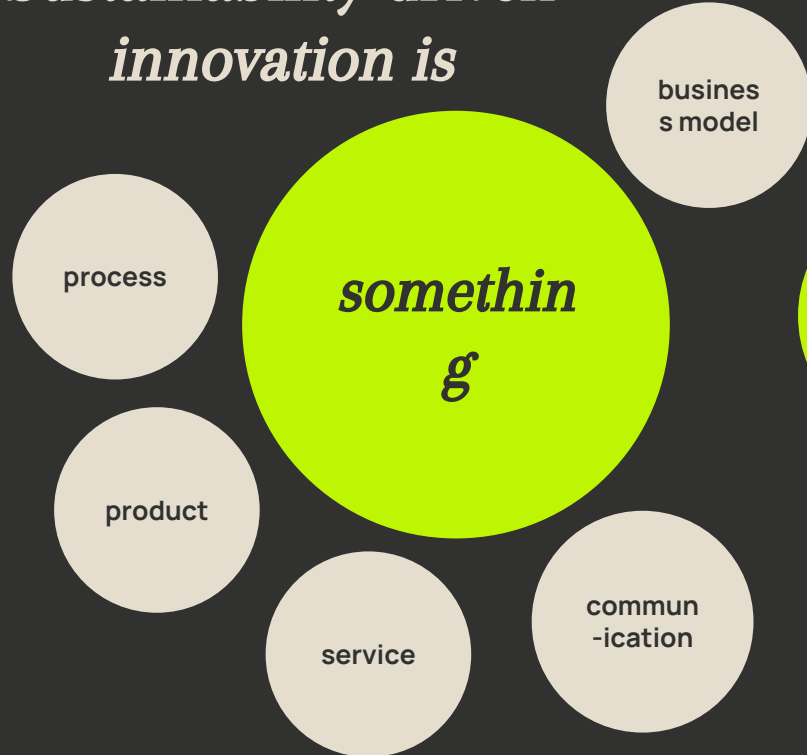
Innovation is



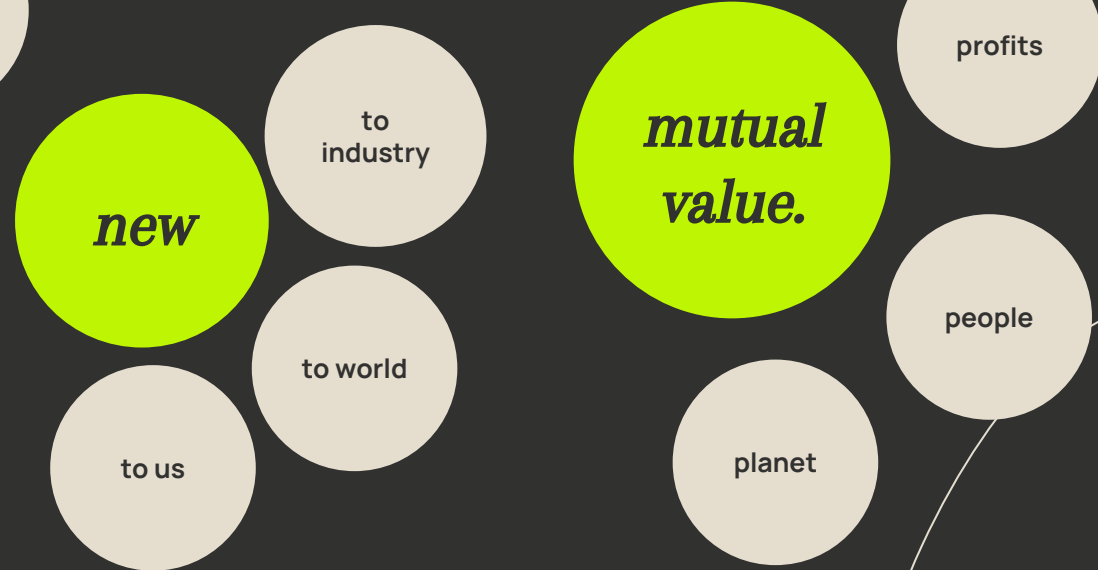
*How do you see the
link between
sustainability and
innovation?*

Our definition of sustainability-driven innovation

*Sustainability-driven
innovation is*



that creates



***mutual
value.***



Assembling Ikea's Future – Through Food



Proof that Swedish People are smarter than us...



IKEA to Make 50 Percent of Food Menu Plant-Based by 2025

100% recycled football jersey



1 jersey = 13 0.5l PET bottles

A decisive opportunity

- We live in a time where we have reached broad agreement on 'why' to act for sustainability in business. The challenge is now to **understand 'how'**.
- Today, understanding the 'how' comes with a sense of urgency, as **customers are increasingly asking business to innovate for sustainability**.
- Business is a formidable innovation engine. It has the knowledge, skills, and resources to **turn sustainability challenges into market opportunities**.
- But as long as we are **held back by traditional ways of thinking about business models** often rooted in industrial age ideas about mass production and consumption it will be difficult to fully unlock innovation's potential to create sustainable value.

Bite.

It's not because of how it tastes.

It's not because of any particular claims about how it prevents cavities better or whitens our teeth.

It's not because it has some sort of new active ingredient that has other health benefits.

We buy this toothpaste because it helps us reduce the amount of single-use plastic we consume. Period.



Definition of business model

The business model defines the way how an enterprise creates value:

1. with which offerings,
2. in which value chains,
3. for which customer segments via which channels,
4. with what revenue/cost model



Integration of the four key value-drivers generates the success of the business model

<i>Products / services</i>	<i>Customer segments</i>
The What	The Beneficiaries
<i>Value chain</i>	<i>Revenue / cost model</i>
The How	The Impact

Business Model Innovation Example

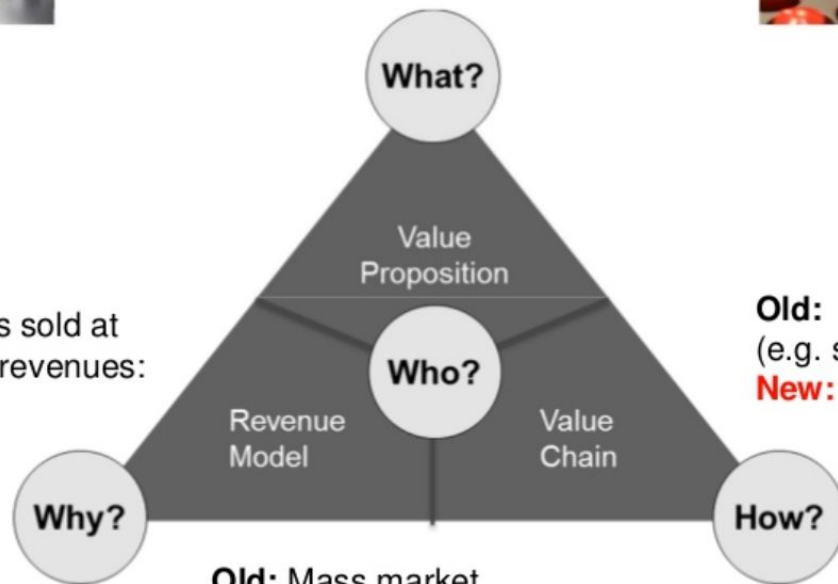
Nespresso



Old: Coffee powder (commodity)
New: Coffee capsules and machines to produce high-end quality espresso



Old: Retail margin
New: Coffee machine is sold at production costs, main revenues: Capsules



Old: Retail shops (e.g. supermarket)
New: Direct selling approach

Old: Mass market
New: High-end households, Office markets



OUR SUSTAINABILITY JOURNEY

We're proud of what we've done.
But there's more to do.



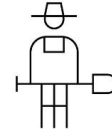
LEAD BUSINESS FOR A **BETTER WORLD**

2014 **THE POSITIVE CUP STARTS A MOVEMENT.**

2016 **SUSTAINABILITY INNOVATION FUND PAVES A WAY FORWARD.**

BUILD **SUSTAINABLE LIVELIHOODS** FOR FARMERS

2003 **AAA SUSTAINABLE QUALITY™ PROGRAM SUPPORTS COFFEE COMMUNITIES.**



2015 **REVIVING ORIGINS PROGRAM RESTARTS COFFEE PRODUCTION** IN REGIONS DAMAGED BY CONFLICT AND CLIMATE CHANGE.

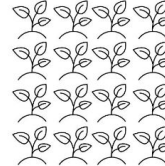
REDUCE, REUSE, **RECYCLE**

1991 **RECYCLING PROGRAM TO DRIVE ZERO WASTE.**



2020 **CAPSULES MADE USING RECYCLED ALUMINUM.**

2005 **MEASURE THE FOOTPRINT OF EACH CUP ON A JOURNEY TOWARDS CARBON NEUTRALITY.**



2014 **REFOREST COFFEE FARMING ECOSYSTEMS TO PROTECT BIODIVERSITY AND NATURE.**

TOGETHER, WE CONTINUE THE JOURNEY.



***Businesses and
organisations can be
designed to contribute to
sustainable development.***

Patterns of sustainable business models, 1

pricing & revenue

patterns define how the offerings of sustainable business models can be priced and revenues generated.

financing

patterns suggest different ways of acquiring equity, debt, and operating capital to finance sustainable business models.

ecodesign

patterns define how activities, processes, and offerings can be designed to improve the ecological performance of business models.

closing-the-loop

patterns integrate the idea of circular material and energy flows into business model design.

supply chain

patterns define how resource inputs are sourced and target markets are reached.

giving

patterns enable the donation of products or services.

Patterns of sustainable business models, 2

access provision

patterns help create markets and provide offerings for otherwise neglected social target groups.

social mission

patterns show how to empower social groups to become productive partners and to turn their needs into demand.

service & performance

patterns support dematerialising a business model by shifting from physical products to functions, services, and results.

cooperative

patterns integrate a broad range of stakeholders as co-owners and co-managers.

community platform

patterns substitute individual resource or product ownership with community-based access.



PLANET
PIVOT

LIMITED COMMUNITY ENGAGEMENT

Strengthening community
engagement and supporting local
initiatives.



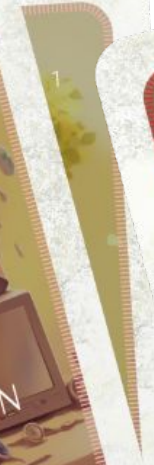
PROBLEM CARD



CONTRADICTION CARD

DIGITAL TRANSFORMATION VS. E-WASTE

Adopting digital technology to
improve efficiency and
competitiveness while managing
the generation of e-waste.



PROBLEM CARD



COPYING

Reproduce or replicate a sustainable
feature or characteristic from one
object or system to another.



PROBLEM CARD