



Ecodesign in the Textile Sector

Unit 10: Sustainable Business Models



Introduction

Business Model

The Business Model describes the logic with which an organization **creates, distributes and captures value**

A company creates value for its customers when it helps them:

- carry out an important task
- satisfy a desire
- solve a problem

Value

Value creation: the set of all the activities connected to the realization of the product/service.

Value distribution: products or services that an activity intends to offer its customers, the definition of the product/service, the identification of the reference market segment and the strategies

Value capture: generation of earnings and all the choices and activities that fall within the economic sphere

From Business Model to Sustainable Business Model

Business Model:

- provides the guidelines with which the company converts innovation into value acquisition;
- defines an organization that makes it possible to share knowledge and enhance its human resources by promoting the ideal conditions for encouraging innovation;
- identifies the relationships of interaction and cooperation with suppliers and customers;
- establishes the methods and tools for analyzing the results obtained from the business model.

Modello di business Sostenibile:

The value generated must be perceived not only by the direct customer but also by the environment, i.e. the widespread customer.

Sustainable Business Models: means of coordinating technological and social innovations at the system level.

The implementation of a sustainable business model involves important innovation actions in all sectors of the company.

Archetypes of sustainable business models

Technological

Maximise material and energy efficiency

Create value from waste

Substitute with renewables and natural process

Social

Deliver functionality rather than ownership

Adopt stewardship role

Encourage sufficiency

Organisational

Repurpose for society/environment

Develop scale up solutions

Archetypes of sustainable business models

Maximise material and energy efficiency

"Do more by using less resources, generating less waste, emissions and pollution"

The company must focus on the innovation of products, production processes and possibly on new relationships that can make the value chain more efficient.

Create value from waste

This archetype adopts the principles of the Circular Economy, creating new value from what is commonly called a waste.

5 circular business models:

- circular production chain
- recovery and recycling
- extension of the life cycle
- sharing platforms
- products-as-a-service (models to purchase services rather than products)

Archetypes of sustainable business models

Substitute with renewables and natural process

This approach takes into consideration the use of renewable resources to obtain benefits with respect to the environmental impact.

In this context, the aim is to rethink production processes and to create new products that limit the current use of non-renewable resources and introduce the use of renewable energy following an idea of imitation of natural systems.

Deliver functionality rather than ownership

We move from offering a product to offering a service.

Servitization and Product-Service System (PSS): replacing the sale of a product with a leasing contract.

Cash flow moves from a single payment at the time of sale to continuous payments for the duration of the contract.

Archetypes of sustainable business models

Adopt stewardship role

Take a strong position for the company in front of the stakeholders, involving them and making them feel a responsible message.

Liability policies may include:

- well-being of employees and adequate wages
- development of the community in which the activity is inserted
- less use of polluting substances in production processes
- protection of natural resources and biodiversity

Encourage sufficiency

Propose quality products at the expense of quantity to meet demand and reduce the volume of their production.

The relationship between producer and customer, encourages to consume less, to waste less and use the products for more time.

Archetypes of sustainable business models

Repurpose for society/environment

The company is committed to bringing social and economic benefits, rather than focusing on profit alone, through greater collaboration with local communities and stakeholders.

"Employee ownership": ownership of a company by its employees, through a widespread and limited ownership scheme.

"Reshoring": opposed to relocation, companies return to produce at home or in neighboring countries.

Develop scale up solutions

Bring sustainability strategies on a broad scale, to maximize benefits for the environment and for civil society.

Open Innovation: creating value through the use of tools and technological skills that come from outside.

The Business Model Canvas

Business Model Canvas

It is a tool that describes how the organization creates, delivers and captures value.

The Business Model Canvas represents the set of strategic tools that through the visual language allows to create and develop innovative business models aimed at obtaining a competitive advantage.

Model released under the Creative Commons Attribution license, and allows you to:

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The Business Model Canvas

Key areas

The model focuses on the 4 fundamental areas of business models, to which 9 elements of analysis correspond:

Product



Relationship with the customer



Infrastructure management

Financial aspects

Value proposition

Target customer

Distribution channel

Relationships with customers

Value creation

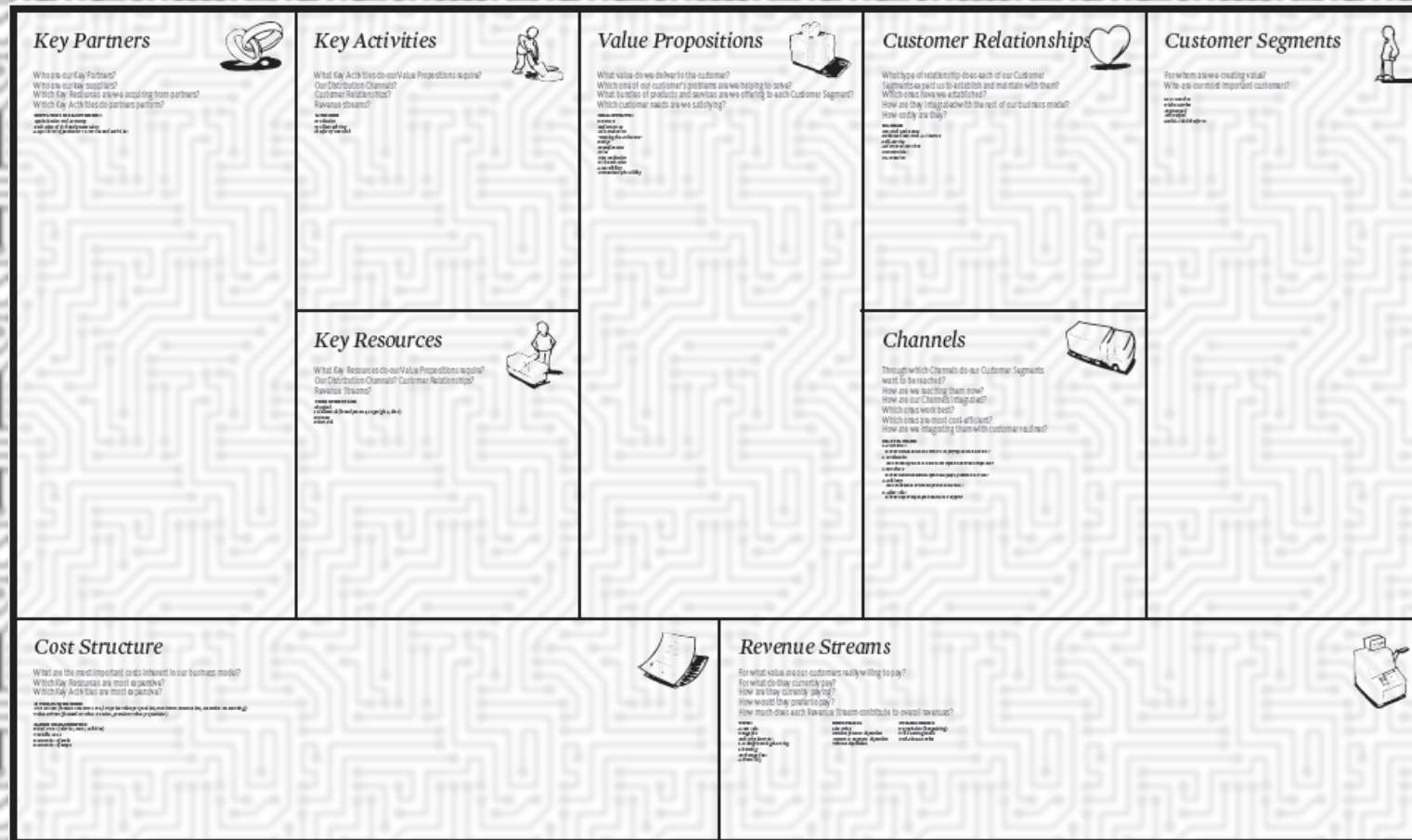
Competence

Collaborations

Cost structure

Profitability model

The Business Model Canvas



Customer segment (CS): the customer segments to which the company targets.

Value Proposition (VP): the value proposition containing products or services that the company wants to offer.

Channels (CH): distribution channels.

Customer Relationship (CR): the type of relationship that the company establishes with its customers.

Revenue Streams (RS): the revenue stream generated by the sale of products or services.

Key Resources (KR): the key resources.

Key Activities (KA): the key activities.

Key Partner (KP): strategic partners with whom to make alliances.

Cost Structure (CS): the cost structure.

Creating a Business Model Canvas

1) Customer segment (CS): the customer segments to which the company targets

For whom do we create value?
Who are our main customers?

Examples of potential answers:

- Mass market
- Niche market
- Segmented market
- Diversified market
- Multilateral platform

2) Value Proposition (VP): the value proposition containing products or services that the company wants to offer

What value do we give to customers?
What problems do our customers help solve?
What products and services do we offer to each customer segment?
What customer needs do we meet?

Examples of potential answers:

- Features
- New features
- Design
- Price
- Convenience/ease of use

Creating a Business Model Canvas

3) Channels (CH): distribution channels

Which channels do we use to reach our customer segments?
How do we reach them now?

Sub-phases of distribution channels:

- Awareness
- Rating
- Purchase
- Delivery
- Post Sale

4) Customer Relationship (CR): the type of relationship that the company establishes with its customers

What kind of relationships do each segment of our customers expect that we establish and maintain?
Which are already established?

Examples of potential answers:

- Personal assistance
- Dedicated personal assistance
- Self service
- Automated services
- Community of users
- Sharing

Creating a Business Model Canvas

5) Revenue Streams (RS): the revenue stream generated by the sale of products or services

What are they willing to pay for our customers?
What do they pay for now?

Types of earnings:

- Sale of goods
- Use fees
- Subscriptions
- Rental/Leasing/Loan
- licensing
- ...

6) Key Resources (KR): the key resources

What resources are needed for the value we create?
For our distribution channels?

Types of resources:

- Physical
- Intellectuals (Trademarks, Patents, Data)
- Human
- Financial

Creating a Business Model Canvas

7) Key Activities (KA): the key activities

What activities do we need for the value we create?
Distribution channels?

Categories:

- Production
- Problem solving
- Relations/Network

8) Key Partner (KP): strategic partners with whom to make alliance

Who are our key partners?
Who are our key suppliers?

Motivations for partnerships:

- Optimization and economy
- Reduction of risks and uncertainties
- Acquisition of particular resources and activities

Creating a Business Model Canvas

9) Cost Structure (CS)

What are the main costs of our Business Model?
What are the most expensive key resources?
What are the most expensive key activities?

Examples:

Your business is mainly based on:

- Cost (light structure, low price, maximum automation, extensive outsourcing)
- Value (centered on value creation, premium price)

Features:

- Fixed costs (salaries, rents, utilities)
- Variable costs
- Economies of scale
- Synergies

Thank you

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