Flourishing Business Canvas℠

INTERACTIVE DETAILED GUIDE

Produced by the First Explorers Community of the Tool for Leaders

Flourishing Enterprise Co-lab

flourishing startups

Climate-KIC

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Guide v3.0 for For Canvas v2.1

TABLE OF CONTENTS

This document is optimized to be read on-line – to save paper please don't print (plus it probably won't look very good!)

WHY THE FLOURISHING BUSINESS CANVAS IS NEEDED TODAY?

In a world that's more complex than ever, innovators need fit-for-purpose tools to help them design organizations that remain socially, environmentally and financially viable in dramatically changing circumstances.

It is now clear that previous generations of business modeling tools are dramatically over-simplified. They only focus on short-term profitability rather than long-term viability – socially, environmentally, and economically. They ignore the reality that the financial aspects of an enterprise are interdependent with a business's larger contexts – society and the environment. In today's business climate these older tools are now too risky to use. With these older tools, innovators will systematically miss socially, environmentally and financially material risks and opportunities.

Earlier business modeling tools: ignored Stakeholders other than customers, ignored the co-creation of value, ignored questions of governance and power, and worst ignored the reality that the financial aspects of an organization are interdependent with larger contextual systems: society, and the natural environment

The Flourishing Business Canvas is systemically designed to help you identify and seize the emerging opportunities and avoid emerging risks as you create the business model for your enterprise.

The Flourishing Business Canvas is a key tool in your process to develop socially, environmentally and financially viable strategy – strategies that are fit-for-the-21st Century.

Global Megaforces of Change – Impacting Business Today *and* Growing in Strength

Adapted from the "Expect the Unexpected"© KPMG 2012

Does your business modeling tool to help you systematically anticipate the future?

JOIN YOUR COMMUNITY

There is a community for people who want to ensure their enterprises are socially beneficial, environmentally regenerative and financially viable; enterprises that enable the possibility for human and all other life to flourish on this planet for generations to come. There is a community for people like you – the **Flourishing Business Community**.

Join by visiting
www.FlourishingBusiness.org/community

The benefits you can gain by joining the community include:

» Meet new people: Your fellow members are as motivated as you are to explore and apply the Flourishing Business Canvas

» Get results: As you dive into the community, you're on a path of mastery. While it's not necessarily easy, the transformation we'll work out together matters

Access exclusive content:

» Additional materials, tools and methods that complement the Flourishing Business Canvas making it even more useful

» Webinars where members share their experiences and the team bring you the latest updates

» Courses to inspire, instruct, and engage

» Blog posts from leading thinkers

WHAT IS THE FLOURISHING BUSINESS CANVAS?

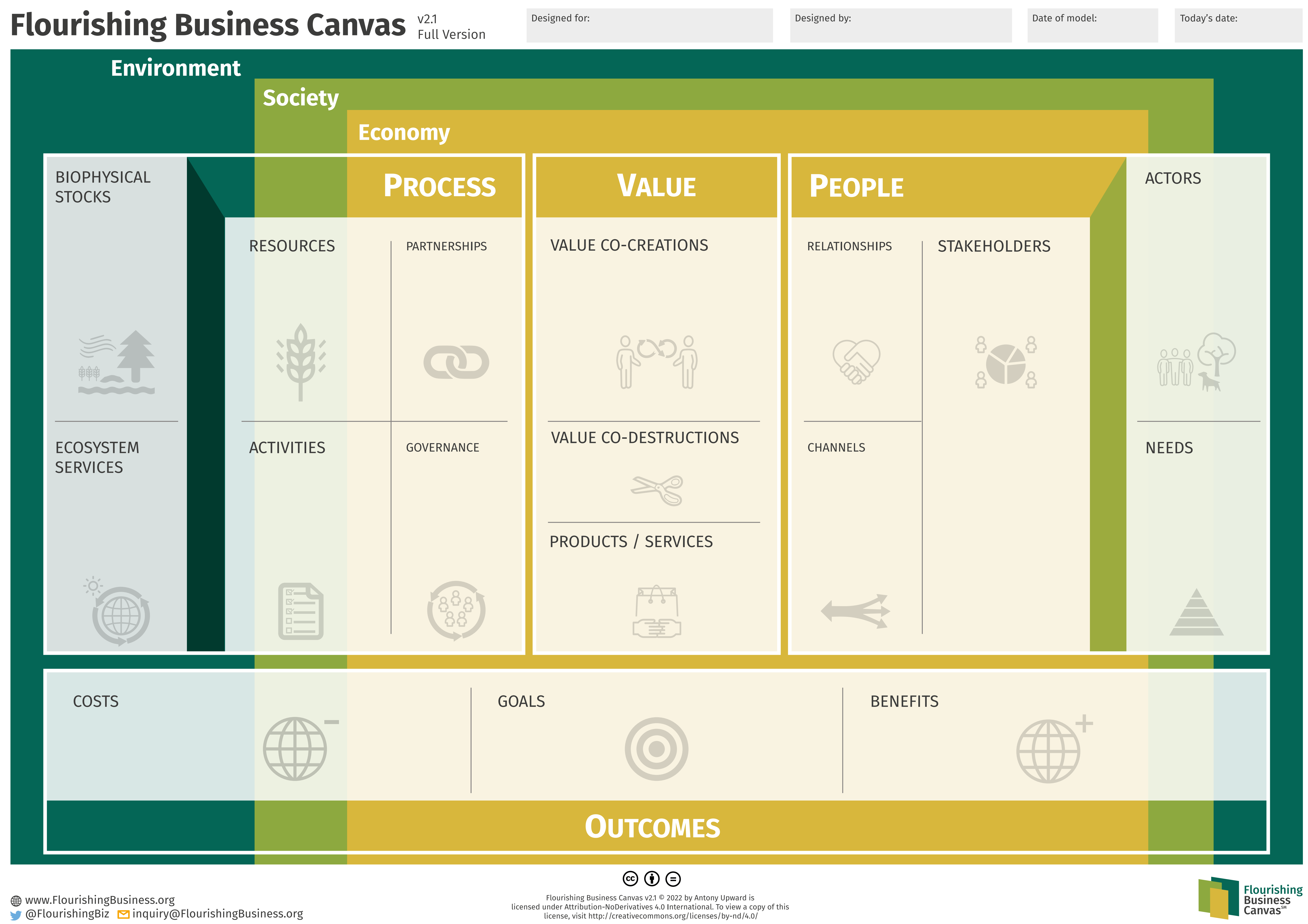
Overview

The Flourishing Business Canvas is a new generation of visual collaborative tool to design business models that are fit-for-the-21st Century – an ever more complex world in which enterprises must recognize their interdependencies with the economy, society and the environment.

The Flourishing Business Canvas is a tool that provides a common language in a useful visual framework to enable you to work with your Stakeholders to collaboratively sketch, prototype, design, improve, understand, share, measure, diagnose, simulate, and most importantly, tell stories about your enterprise's business model.

Business models created using the Flourishing Business Canvas describe how an enterprise defines and achieves its goals over time. These models include all the necessary and sufficient factors to enable any business model to be described – from those that only consider financial profitability, to those that fully integrate social benefits, environmental regeneration and financial viability.

The Flourishing Business Canvas takes a humanistic approach to its design, explicitly attempting to avoid colonizing or trauma based mind-sets.



The Flourishing Business Canvas

17 necessary and sufficient questions to design your business model so that your enterprise has the possibility to sustain flourishing for human and all other life for generations to come.

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Flourishing Business Canvas℠

History

The Flourishing Business Canvas is based on 3 years of peer reviewed research, and since 2013, tens of thousands of hours of testing and improvement by a world-wide community of First Explorers – numbering more than 320 individuals and organizations as of November 2022. The Flourishing Business Canvas stands on the shoulders of the 2004 PhD by Alexander Osterwalder.

Gain familiarity

The following videos introduce the Flourishing Business Canvas, its structure, and how it works:

“Flourishing Business Canvas Introduction”
- Watch Video -

“The 17 Questions Specific to Your Business and Generic Parts”
- Watch Video -

“Nouns and Verbs as the Basis for Story Telling”
- Watch Video -

“Key Flows and Interconnections”
- Watch Video -

“How is it Different to Other Business Model Canvases”
- Watch Video -

Case study

For a case study, showing a real business model that integrates social, environmental and economic factors in order to be viable, please watch this play list of videos:

“The Tiffinday Business Model Playlist”
- Watch Video -

More case studies are under development.
Join the community to get involved in this activity.

Translations

The community is working on the translation of the Flourishing Business Canvas to other languages.

Join the community to get involved in this activity.

Learn more

To learn more about each of the 17 question boxes please jump to **Page 24**. To learn more about structure and logic of the canvas please continue to the next page. For further information please visit **www.FlourishingBusiness.org**.

Video speakers

Antony Upward and Ondine Hogeboom are the speakers in all the videos you can access on this page and throughout the remainder of this document.

Antony Upward is a Flourishing Business Designer and Adjunct Professor. He has more than 30 years professional experience designing enterprises to help them meet their goals. His research on flourishing business models has now been cited over 600 times. Antony lives in Toronto, Ontario, Canada.

Ondine Hogeboom is a Serial Social Entrepreneur and Startup Coach. She has more then 20 years of experience, and has started 6 businesses in 3 countries. Her research focuses on methods to enable entrepreneurs to start flourishing enterprises. Ondine lives in Montréal, Québec, Canada.

WHAT ARE THE BENEFITS OF USING THE FLOURISHING BUSINESS CANVAS?

Whether you are starting a new enterprise, or developing a new strategy for an existing business, the process of business design is now known to be more useful than the old approach of business planning.

Designing your business by creating a business model is known to be more likely to lead to a viable enterprise than the older approaches to starting a business or developing a traditional strategy.

The Flourishing Business Canvas makes it practical to design businesses fit-for-the-21st Century. It significantly enhances your ability to undertake business design efficiently, effectively, and gracefully.

Because the Flourishing Business Canvas was designed systemically it fully captures the true context of every human enterprise: the environment that contains society, and the economy created by society. As a result the Canvas is inclusive and supports the needs and goals of all types of Stakeholders.

Photo by Adomas Aleno on Unsplash

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Business modeling using the Flourishing Business Canvas creates a range of valuable benefits:

- Creates a sense of urgency
- Enables better and faster conversations and decisions
- Inspires innovation
- Helps see the full context of an enterprise
- Builds understanding of the interconnections of our organization, its products and services with its communities and the world - socially, environmentally and economically
- Enables broader, deeper and richer conversations about all aspects of value co-creation (and destruction)
- Opens eyes to possibilities and opportunities
- Enables strategic discussion
- Drives effective collaboration and teamwork
- Supports learning through exploration and experimentation
- Clarifies and focuses thinking
- Enables creativity based on constraints
- Surfaces assumptions
- Provides a new idea template
- Helps focus quickly on best ideas
- Helps see risks and opportunities
- Helps tell stories to... investors, customers, suppliers, new employees
- Allows empathy with Stakeholders
- Enables creativity
- Allows immediate action on ideas
- Fast to use
- Alignment - gets everyone on the same page

In addition the Flourishing Business Canvas supports earlier practices:

- It includes all concepts from the earlier profit centric Business Model Canvas (BMC) - all 9 of the BMC questions are still fully present on the Flourishing Business Canvas
- Lean Start-up and Customer Development

WHY FLOURISHING?

What type of organization can take advantage of the flourishing business canvas ?

The Flourishing Business Canvas can be used to design the business model for any type of human organization, with any possible purpose / vision / why. At one end of the possible purposes for an enterprise you can use the Canvas to design a business whose goal is pure financial profit. At the other end of the possible purposes for an enterprise you can use the Canvas to design a organization whose goal is true sustainability.

We're very comfortable with people using the Canvas what ever purpose they have for their enterprise. We believe the Canvas can add value irrespective of the chosen purpose. It will help organizations, what ever their purpose, to systematically spot increasingly (financially) material risks and opportunities.

What do we advise? True sustainability

However, if you ask for our advice, if you ask us "What should the purpose of my enterprise be?" we will reply achieving "true sustainability". By this we mean sustainability:

- Informed by the latest science, ethical frameworks and deep indigenous wisdoms
- That "does good **to** do well"
- That integrates social, environmental and economic factors (and doesn't see them as a set of trade offs that prioritizes money)
- Where enterprises excel because people are flourishing and nature is thriving

We believe that choosing true sustainability as the purpose of all organizations is the only ethically defensible answer for an entrepreneur or leader of an established enterprise to give in today's increasingly uncertain world.

Why not sustainability

But actually we think that true sustainability is a rather unexciting way to think about things! We think that sustainability is an insufficient aspiration for the future of humanity. We think that the very word sustainable / sustainability constrains our thinking about possible opportunities and risks. Further, these words have little emotional content, they are unlikely to get you or your Stakeholders fired up and excited.

Also there are many definitions of sustainability, e.g. sustainable development based on the United Nations Sustainable Development Goals (UN SDGs). But the SDGs don't meet our definition of true sustainability, as sustainable development still assumes, like our current unsustainable economic approach, infinite growth on a finite planet. (For a deep dive on this topic read **"Why Flourishing?"** blog post.)

So it can be very confusing these days to use the word sustainable – there are many definitions and none of the ones in common use means "true sustainability".

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What could be better than sustainability as an enterprise purpose / vision / why?

So what could be a better purpose for our enterprises than sustainability, even true sustainability? A purpose that...

- Talks about how we should aim to be "the best we can be" – individually and in our organizations
- Gets Stakeholders excited so they are attracted to work with us
- Aligns with the latest science, ethical frameworks and deep indigenous wisdoms
- Is morally and ethically defensible
- Helps enterprises gain and retain viability
- Helps enterprises innovate in face of an uncertain future
- Clearly differentiates from all other definitions of sustainability

Let's explore to see if can find an answer...

What is the highest level of potential humans can reach?

This is the question that was asked a number of years ago by a group of psychologists who were looking to define what a fully healthy human being looks like, rather than to identify more ways a human may not be healthy, i.e. mental illnesses. This group called themselves "positive psychologists", i.e. they wanted to look at the positive side of human experience, well-being and wellness, not illth and illness.

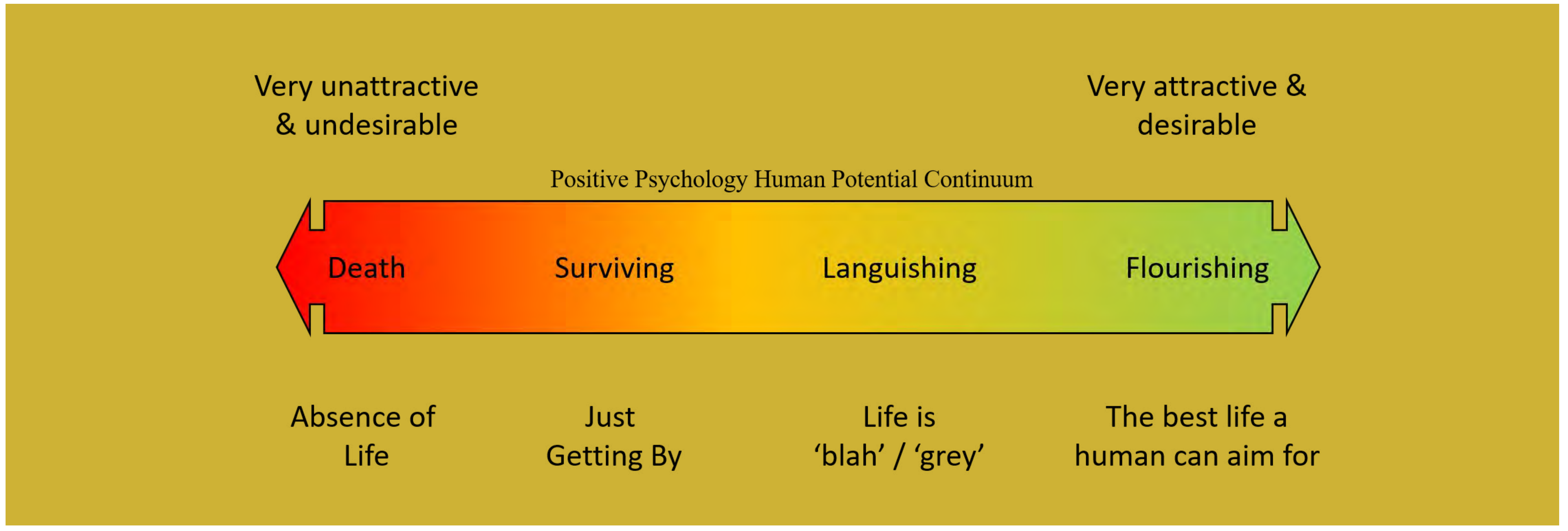
The positive psychologists came up with a simple graphic to illustrate the possible range of individual human experience (See figure on this page).

And as you can see, they decided to use the word "flourishing" to describe the highest level of human potential, the highest level of human experience.

Flourishing as the purpose for individuals and enterprises

When we saw this figure and learned about the work of the positive psychologists we thought... well if the highest level of human experience is called flourishing, then surely the best possible purpose for all human enterprises would be to create the possibility for all their Stakeholders to flourish!

This was our inspiration for moving away from using the word sustainable to describe the best possible purpose / vision / why and choosing instead to use the word "flourishing".



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Benefits of the defining the purpose / vision / why of enterprises as flourishing

We see six major benefits of choosing as the purpose for you enterprise enabling all your Stakeholders to flourish:

1. Flourishing is something everyone gets to define for themselves
2. Aiming-to-flourish is exciting and generates new possibilities for individuals and enterprises
3. It is practical – its what the science says is possible
4. Its the right thing to do – it is morally and ethically sound
5. It is the best way to gain and retain financial viability
6. It maximizes the possibility for innovation to better face an uncertain future

For a deep dive on these six benefits see the blog post **"Six Reasons for Enterprises to Aim-to-Flourish"**

(If you really want to use the word sustainability / sustainable then you could say what we're trying to sustain is the possibility for all life to flourish... i.e. sustainable flourishing cf. sustainable development.)

What do we advise? Flourishing

So if you ask us what we believe the best possible purpose / vision / why for any enterprise to adopt today, we will say clearly... the best possible purpose is:

"creating the possibility for human and all other life to flourish on our planet for generations to come, enhancing the integrity, beauty, and regenerative capacity of living communities"

(Adapted from Prof. John Ehrenfeld, MIT and Michelle Holliday)

How could adopting this purpose help your enterprise flourish?

INTRODUCING THE FLOURISHING ENTERPRISE INNOVATION TOOLKIT

The Flourishing Business Canvas is part of a comprehensive toolkit to help you efficiently, effectively and gracefully innovate the strategic design your business – whether a startup or an established enterprise.

Current toolkit components

The Toolkit is still under development. It currently consists of the following components that can be downloaded when you join the Flourishing Business Community.

Flourishing Business Canvas℠

Flourishing Business Canvas v2.1 business modeling tool described in this Interactive Guide. Translations are underway into many languages. **Join the community to help with this effort**

Flourishing Enterprise Strategy Design Method℠

Flourishing Enterprise Strategy Design Method – a method for the practical use of the Canvas to develop and test strategies for established enterprises

Flourishing Startups Method℠

Flourishing Startups Method - a method for the practical use of the Canvas to start and test new enterprises

Planned and future toolkit compontents

The following components have been identified as valuable potential additions to the Toolkit. There is no timeline for the development of these components. Co-creation and release depends on securing funding for their development, testing and release. In no specific order:

- **An App.** Some of our community members have established a company, StrateGaia, to bring a WebApp for the Flourishing Business Canvas to market. See **their website** for more details
- **Additional Tools.**
  - Wayfinding Cards to facilitate the early stages of the design of flourishing business models
  - Designing value co-creations is one of the most challenging parts of business modeling. A Flourishing Value Co-Creation Canvas tool would be very useful complement to the Flourishing Business Canvas
  - Circular Flow Canvas tool would aid in the development of business models that apply the circular economy business model pattern
- **Design Principles** for Flourishing Enterprises, i.e. what are good answers to the questions the Canvas asks if your goal is to design an organization that enables sustainable flourishing
- **Methods** for the effective use of the Canvas. While two methods with tasks identified have been developed (see left), there is still a need for a Flourishing Product / Service Design Method. Business designers need support to develop products and services that enable the possibility for sustainable flourishing
- **Patterns of Business Models** that illustrate business models which are either viable in the present and near future, or could be viable in the longer term
- **Case Studies** for the use of the Canvas. While a number of Case Studies exist, and many more have been started, there is a need for a comprehensive collection of Case Studies covering as many cultures, sectors, groups, issues and places as possible
- **Deep Dive Tools Catalog.** The Canvas summarizes a business model. There is much additional detail required. Many tools exist to help efficiently, effectively and gracefully create this detail. This catalogue will list, for each box on the Canvas, what deep dive tools are recommended
- **Complementary Tools Catalog.** The Canvas is not a universal hammer. While it is a very powerful and useful tool it has limits. This catalogue will list additional tools that can also help develop strategies and start new enterprises
- **Gamification.** To introduce the Canvas to new users, perhaps young people, a game about business modeling using the Canvas would be very powerful approach

SETTING THE SCENE FOR YOUR BUSINESS MODEL

At the top right of the canvas you set the scene for your business model. You should document the name of the enterprise the canvas has been designed for, who was involved in the design process, today's date, 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 on 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.

You can record the name of the enterprise you are going to describe on the canvas and the Stakeholders working on the canvas in the left two boxes at the top right of the canvas.

For the two date boxes at top right of the Canvas, you can record: on the left, the date that the business model depicts – past, present, or future – and, in the right most box, the date on which you are creating the model – usually today's date.

Designed for:	*Designed by:*	*Date of Model:*	*Today's Date:*

Environment

Society

Economy

Why is the model 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 in time.

Many people populate canvases with multiple time contexts; some aspects of their model are current (as it is now), and some are projected (as they hope their business will be in the future). This mash up 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.

The "Date of Model" box will only be the same as today's date if you are describing your business model as it is today. For any future business model this will be the date in the future that your canvas will describe.

Inspiring future vision business model

Longer-term future (10-30 years)

This time context is the vital starting point for all business model design that aims to realize a socially, environmentally and economically flourishing business over time. Your inspiring future vision business model is your North Star that will guide your enterprise towards the inspiring future you wish to enable in the world. Modelling out various potential scenarios as well as broader social and environmental factors is useful for planning, strategic resource allocation and impact assessment. It is used to plan, transition and explore the integration of more sustainable business practices over time informed by the best available science, ethics and wisdoms.

This time context is used in more established enterprises who already have a proven business model and are looking to define an innovation agenda to guide their realization of fully integrated social, environmental and economic performance.

This time context is used by entrepreneurs to imagine the world that their businesses purpose aims to realize over time – a future where the enterprise is only generating social benefits, environmental regeneration and financial rewards.

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Current business model

Sometimes it is useful to start your business modelling journey by describing the current business model of your enterprise – the one that is operating in the world right now. If you decide to describe 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, areas of risks and opportunity for future business models.

This time context is useful for start-ups who already have a current operating business (that is, you are already making sales/have revenues flowing). If you are already operational, even if only to a very small extent, we would recommend that you select this time context for your first business model. This way, you will have a baseline of where you are right now.

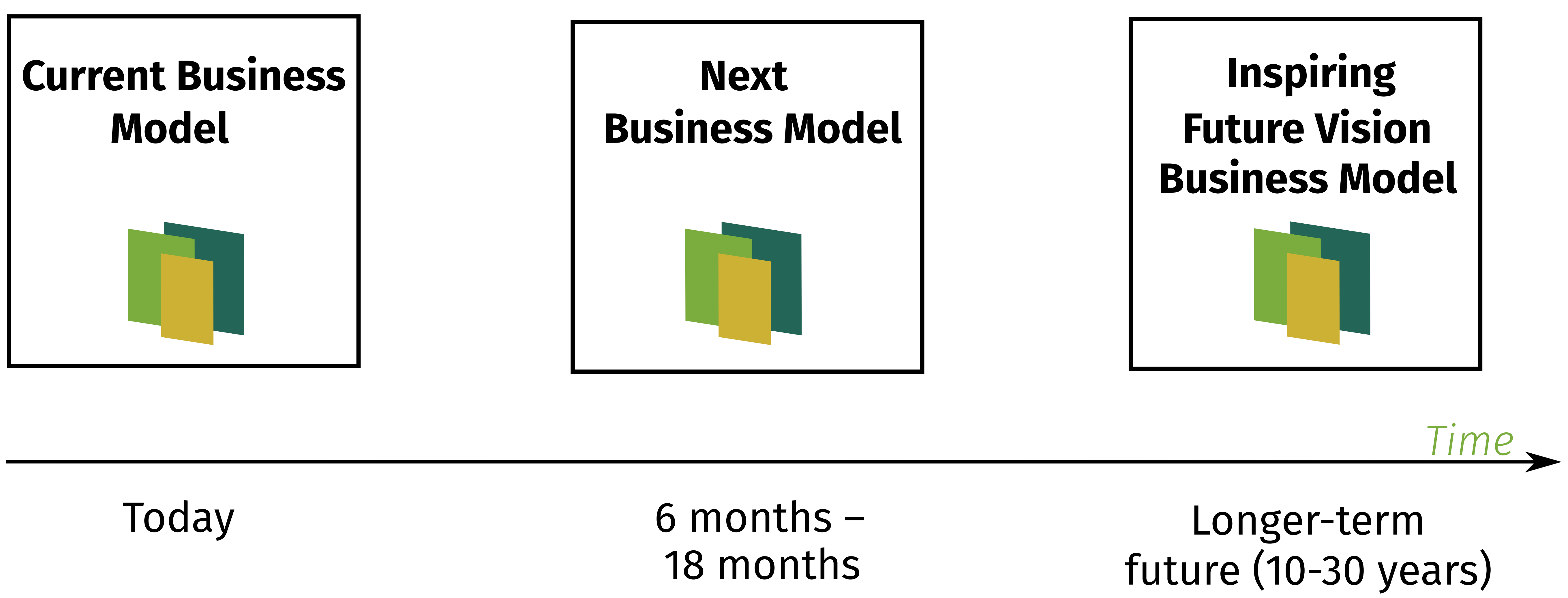
Next business model

Short term future (6 - 18 months)

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 social, environmental and financial viability. It provides you with insight into the gaps that exist between your current and next business model that must be closed for your enterprise to reach realistic and attainable near future goals.

Your next business model should also describe what your business will do in the near future that will help you make meaningful progress towards your long-term future business model – the inspiring vision you want to strive to realize over time. And lastly your near future business model should consider how you will move from the present towards your long-term future business model while doing as little social, environmental and economic harm as possible, whilst remaining viable in current conditions.

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 operational business model. In the early stages, most start-ups are searching for a socially, environmentally and financially viable business model that also meaningfully moves them towards their long-term future business model. Therefore, the near future time context allows you to model various scenarios when you do not yet have validated learning or experience.



ENVIRONMENT, SOCIETY AND ECONOMY:
THE TRUE CONTEXT FOR ALL HUMAN ORGANIZATIONS

The canvas depicts the three nested 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).

This nested view of the world is based on the best available science and not on the three intersecting circles often used to discuss sustainability and sustainable development.

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.

All the other boxes on the canvas are positioned relative to the three contexts. Some boxes overlap all three contexts - meaning you should consider the environmental, social and economic factors related to that box. Other boxes will only overlap one or two of the contexts, indicated fewer contextual factors should be considered.

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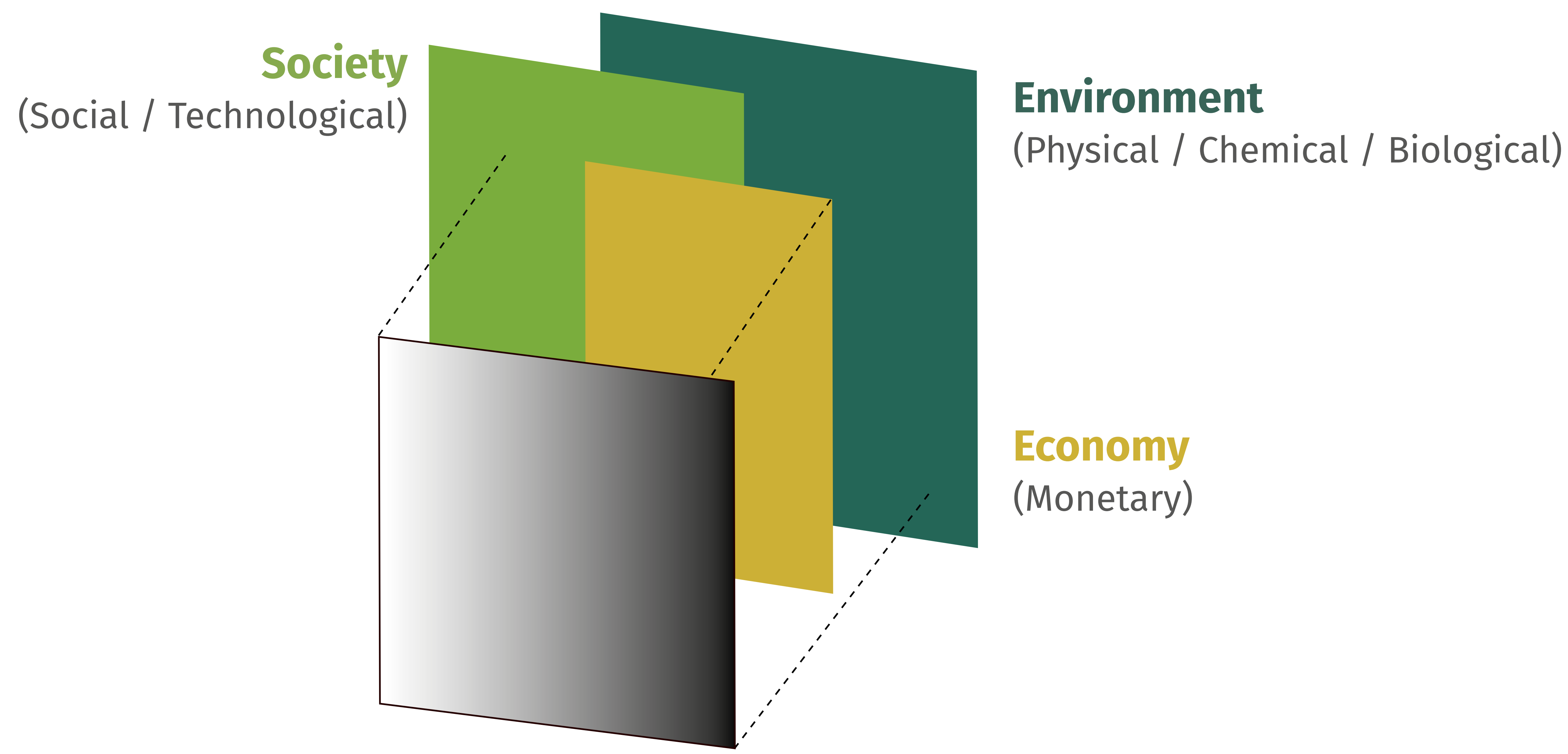


Each and every business relates to all three context: the environment that enables society that creates the economy

Environmental context

Human Society and all its institutions, including businesses, are ultimately, utterly and immediately dependent on the Environment.

Without clean air, fresh water and healthy soil to grow our food we would all be out of business.

Social context

All enterprises and all their Stakeholders are active parts of human Society. Human Society is a complex of cultures, constituencies, institutions, technologies and creative innovation that is continuously self-producing.

Economic context

All enterprises are part of the Economy, which is created by our Society to help us individually and collectively meet our Needs through exchange and trade.

Enterprises are co-created by members of Society – people coming together to better meet their individual and collective Needs. We call the people who come together to co-create an enterprise the organization's Stakeholders.

Enterprises are economic entities whether or not they have a goal of financial profit making (for-profit), or not (not-for-profit). All organizations have financial revenues and financial costs, all that changes is the level of required profit – any number greater than zero for for-profit enterprises, and exactly zero for not-for-profit enterprises.

Relating your business to the three contexts

Your business is part of the Economy, which is created by our Society. In turn our Society is interdependent with the Environment. Together these are are the three vital contexts to any and all businesses – the contexts for all risks and all opportunities – including yours.

Your business has many boundaries (physical, legal, social, economic). The boundary of an enterprise is defined by those elements of the business model that are unique vs. what elements are shared or that we have in common with all other enterprises, people and other life. **(See more details on page 19)**

Your business exists because some group(s) of Actors believe that its Value Co-Creations will better help them meet their Needs than if this business did not exist.

Your business is also part of a constellation of Actors (businesses, other organizations, communities, individuals, animals, plants and the environment) who are by choice or circumstance involved in the co-creation and co-destruction of value for these same Actors.

Your business model includes those aspects of the Actors' behaviours relevant to your businesses Goals and Outcomes, but remember some Actors will be relevant because you are making it harder for them to meet their needs via Value Co-Destruction.

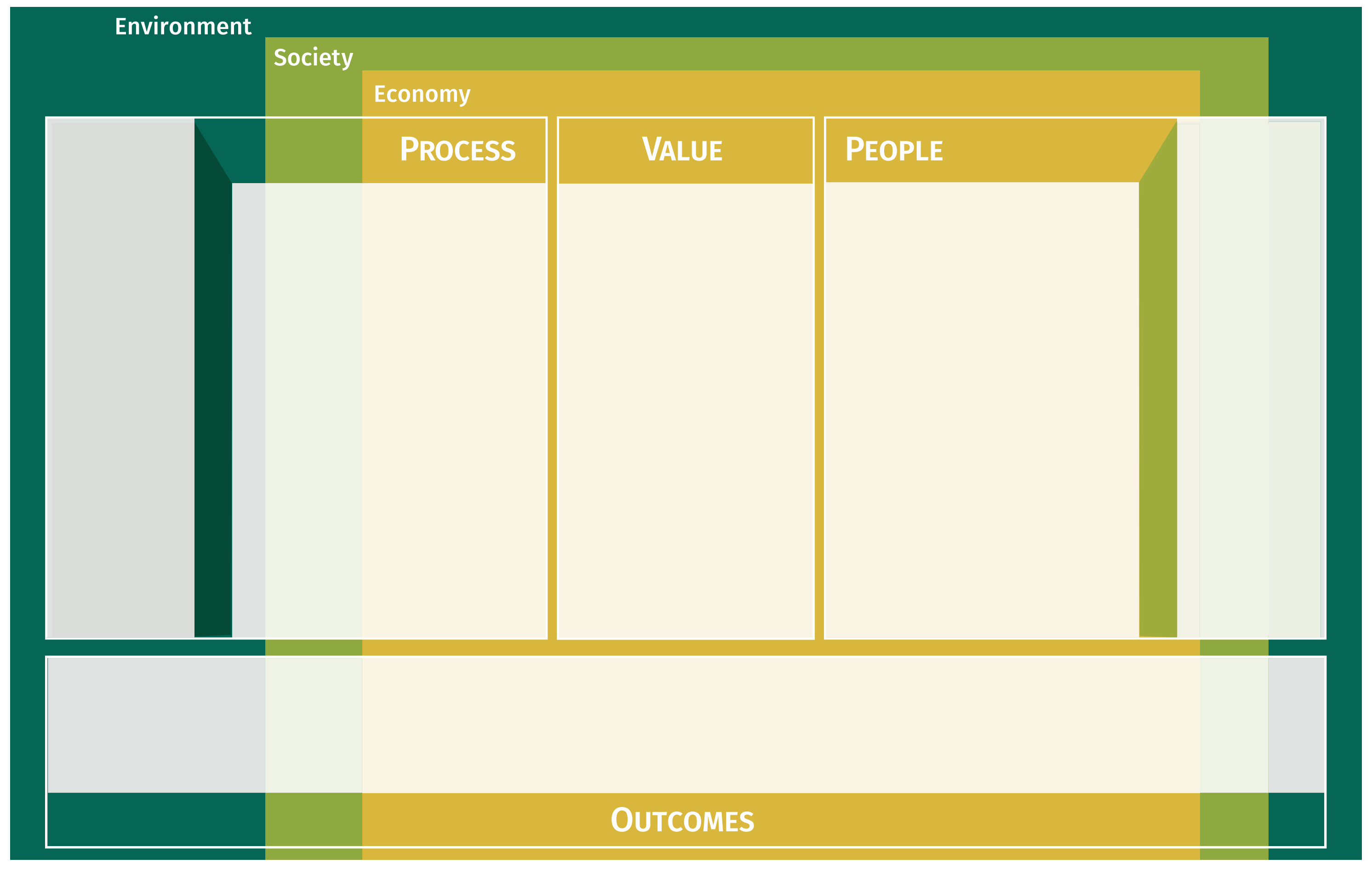
As you work on your business model consider how each context may cause the elements of your business model to change (or if it should), depending on the environmental, social, or economic context relevant to the response.

THE PEOPLE, VALUE, PROCESS AND OUTCOME PERSPECTIVES ON ANY HUMAN ENTERPRISE

People, value, process and outcomes are four vital perspectives that must be considered about any human enterprise. Each of the four perspectives on your enterprise relates in different ways to the environmental, social and environmental contexts of your organization.

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

People are the reason why your organization exists. People are the Actors in your enterprise, and they have a wide variety of Needs. Actors will choose to become Stakeholders of the enterprise if they believe their Needs can be better met by becoming a stakeholder of the organization. The enterprise co-creates value with its Stakeholders to help the Actors better meet their Needs than they could by themselves.



In addition, sometimes the organization, by design or unintendedly, may co-destroy value for some of its Stakeholders' Actors, or Actors who are not considered Stakeholders, thereby making it harder for them to meet their Needs.

Additionally, Actors may be non-human: animals, plants or places. But only humans can become stakeholders, so any non-human actor must be represented by a human stakeholder in the business, e.g. an NGO representing the needs of a particular animal.

Actors may act as one or more type of Stakeholders of one or more enterprises at the same time or overtime. e.g. customer of one, investor in another, employee in another. Actors are shared by all enterprises.

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

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 Stakeholders world view / beliefs / values / lived experiences, and co-destroyed when they don't.

Value is co-created when an Actors Needs are better fulfilled because they have become a stakeholder of your organization. Value is co-destroyed when it is harder for an actor, whether or not they have become your stakeholder, to meet their Needs.

Value can be created or destroyed in the present, e.g. need to drink water, on an on-going basis, e.g. need for shelter, or in the future, e.g. need for a piece of equipment to be repairable 5 years from now.

Some value is co-created or co-destroyed for some Stakeholders Actors because of the Products / Services provided by the enterprise. However, much of the value co-created or co-destroyed is not associated with the enterprise's product/service. Consider that many Stakeholders do not receive a product/service, e.g. employees, investors, community members, and suppliers.

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Units of measurement for value may be environmental, *i.e. System International units - Kg, Metre, Second etc.*, Social Units, *i.e. happiness, longevity, equality, reputation etc.* or Economic, *i.e. monetary or combinations of these.*

How and where are the processes your enterprise executes?

Processes describe how, where and with what does your enterprise co-create value. Processes are how the Needs of your Stakeholders' Actors are met (or not), and ultimately how the organization's Goals are met.

Activities describe how and where the work, the "business processes", are undertaken. Resources describe what intangible, e.g. knowledge, energy, money, etc. or tangible, e.g. wood, metal, computers, vehicles, buildings, people, etc. are required so the Activities can be successfully executed.

In addition the environmental contexts for Activities and Resources are considered. For example many Activities in many organizations are ultimately dependent on services provided by nature – Ecosystem Services, and all tangible Resources come from and are ultimately returned somewhere on the planet – Biophysical Stocks.

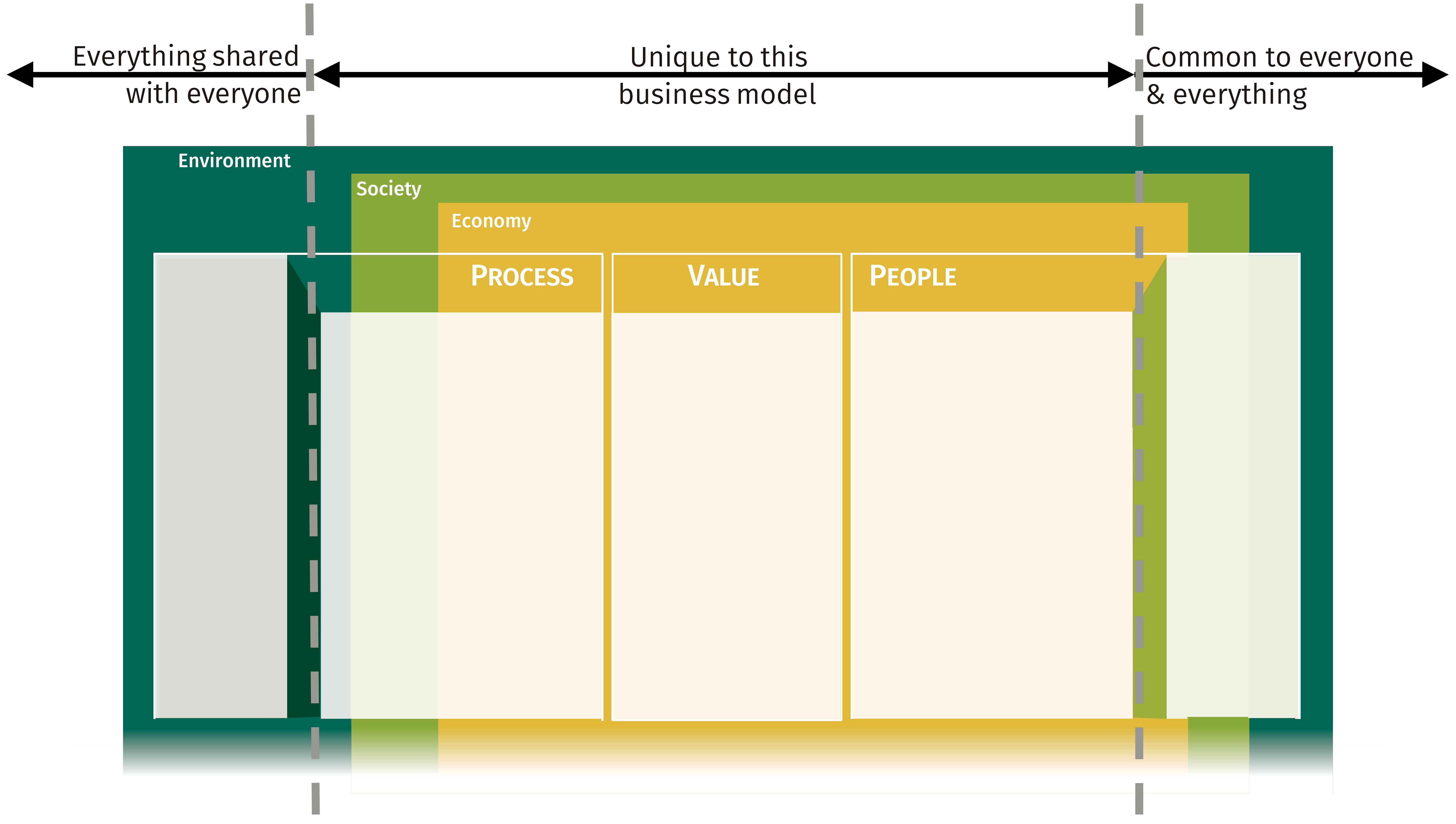
Why does your enterprise exist? What outcomes demonstrate whether your enterprise is achieving its goals over time?

Outcomes consist of the Goals set for your enterprise, based on the purpose or why of the organization, plus the measures of Benefits and Costs that when summed together will measure whether the Goals are in fact being met.
The desired Outcomes of your business are determined by the Stakeholders with the power to do so, based on their definitions of success for the organization and themselves, informed by their world-view / beliefs / lived experiences. In many cases this will be the entrepreneur themselves, but it could be other stakeholders, like investors, suppliers, employees (in a co-operative) or community members.

Goals, Benefits and Costs can all be defined and measured using appropriate units of measurement, for the environment, *i.e. System International units - Kg, Metre, Second etc.*, for society, *i.e. happiness, longevity, equality, reputation etc.* or for the economy, *i.e. monetary or in any useful combinations of these.*

When considering useful measures for Outcomes remember that: not everything that can be counted counts, and not everything that counts can be counted – you can't measure love; Measuring emergent properties, like the flourishing or sustainability outcomes is not the same as measuring a mechanistic process such as a production line.

As shown in the figure, most elements of your business model are unique to an enterprise. However, since an enterprise exists within the three contexts it is important to consider what elements of an organization's business model may be shared or common to all other business models who are sharing the same context i.e. Which Actors are Stakeholders of other relevant organizations, which environmental resources and processes do you share with other organizations in the locations where you operate.



Considering Shared Elements

When you consider these shared elements reflect on the following questions:

1. What is your enterprise's fair share?
2. What is the enterprise doing to damage or regenerate these elements?
3. Is the enterprise adding to these elements via the 'waste' it produces? (Remember there is no 'away' - everything ends up shared by everyone in the environment)

Everything shared with everyone

On the left of the Canvas the intersection of the Environment Context and the Process Perspective allows you to consider the elements in the world that are shared with everyone else. Things like water, the air we breath, all the raw materials extracted from the Earth's crust, and so on. It also includes the outputs from the environment that are also shared with everyone else. Things like water cycling process whose output is all the fresh water on the planet, and the process of photosynthesis whose output is nearly all plants on the planet.

Common to everyone and everything

On the right of the Canvas the intersection of the Environment, Social and Economic Contexts and the People Perspective allows you to consider the elements in the world that are common to everyone and everything. Things like all the Actors who may or may not become the organization's Stakeholders, and the Needs that these Actors have. It also includes all the non-human life and places which also have Needs in order to have the possibility to flourish.

Considering Common Elements

When you consider these common elements reflect on the following questions:

1. Which Actors are vital to engage in your enterprise and what Needs to they have – as complete human beings?
2. Which other parts of nature, other life and places, are vital to engage in this business, what Needs to they have?
3. Which human will represent those Needs to the enterprise?
4. Which Actors or other life may find it harder to meet their Needs because this business impacts them negatively in someway?
5. What changes in this business model when we consider how the Actors who play the role of our Stakeholders are also involved in other organizations, e.g. competitors or complementary businesses, or other enterprises.

HOW TO BUSINESS MODEL USING THE FLOURISHING BUSINESS CANVAS

Business modeling actions

The Flourishing Business Canvas has, related to the Contexts and Perspectives, seventeen necessary and sufficient topics for you to consider in order to design your flourishing business model. Each topic appears in a translucent white box on the canvas so you can see the Contexts relevant to each topic.

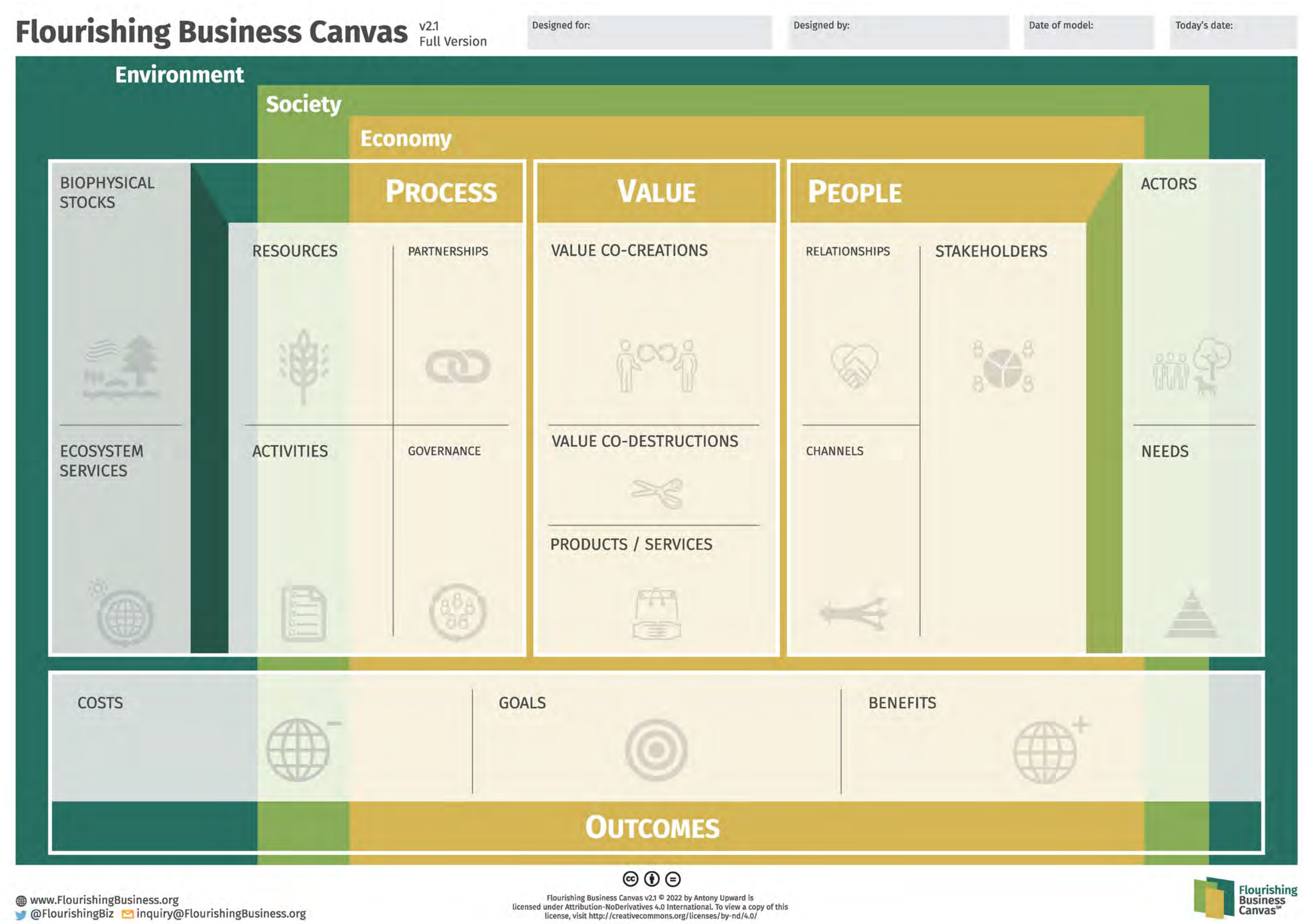
To create your business model you take each box and turn it into a question. You then respond to the question.

For example, the Stakeholders box in the People perspective asks the question Who are the Stakeholders of this business? The Goals topic in the Outcomes perspective asks the question What are the Goals of this business?

You respond to each box as many times as is necessary to capture the design of your business model.

It is highly recommended that you work on your responses to the questions with at least one other person, a colleague or fellow stakeholder. It is not uncommon for three or four people to be co-creating their responses to the questions at the same time. Your responses to the questions are written on using sticky notes on either a large paper poster-sized canvas or in an electronic tool like Mural or Miro. This makes it easy to change your responses as you learn through the iterative business design process.

The rest of this Interactive Guide and accompanying videos will explore each of the seventeen questions in detail.



How to start your business model

There is no one right way or right question box to start working on your business model. You can start anywhere on the Canvas, depending on what seems most appropriate.

However, what is clear from experience is that it is best not to work on a single question at a time. What tends to happen if you do this is you end up with lists of responses to that one question without understanding how each of those responses relate to responses to other questions. These unconnected lists of responses makes it very hard to see the overall story of your business model, robbing your efforts of perhaps the most valuable outcome of your business modeling efforts – a compelling story about your enterprise to share with your Stakeholders.

Technically speaking...

The 17 topics on the canvas, along with the Contexts and Perspectives together form the necessary and sufficient nouns of a language for describing business models. This is what makes it far faster to have a conversation with your colleagues about your business model – you don't have to first negotiate a language for your conversation, it is provided by the Canvas.

Instead it is strongly recommended that you work on two to up to four questions at the same time. Then respond to those questions together. Typical groups of questions to start with include:

- Stakeholders, Value Co-Creations and Activities
- Goals, Product / Services, Value Co-Creations
- Actors, Needs, Stakeholders and Value Co-Creations
- Resources, Activities, Biophysical Stocks and Ecosystem Services

Remember creating a useful business model is a process of design which is inherently an iterative learning journey. It is normal for you to want to revisit stickies and improve them as you respond to more and more of the questions on the Canvas.

Business model story telling

Once you've added a number of stickies to the canvas it is time to tell the story of your business model to your colleagues and fellow Stakeholders. You can then receive the gift of feedback from them in order to improve your business model.

Don't wait until you've added lots of stickies to start story telling. You'll find it easier to construct a compelling story about your business by telling a new story that links all the stickies on the Canvas each time you've added or modified 2-4 new stickies.

You can tell any number of stories from the stickies on the canvas, starting in any box. Choose a story you think will appeal to the people you are sharing it with. People often start stories by talking about the Goals, Products/Services or Stakeholders of the business.

It is best to start the story telling with a blank canvas, and then add the stickies to the canvas as you come to talking about that sticky in your story. Starting with a completed canvas risks overwhelming your audience. **See the Tiffinday case study videos** for an example of story telling, starting with a blank canvas.

As you talk about each sticky in turn it is good to mention why you believe what you wrote on the sticky is valid and useful to the business and achieving its Goals.

For example you could tell a story about how Actors become Stakeholders, how the necessary Relationships are developed and maintained thru the Channels so the identified value can be co-created.

Or, you could tell a story about which value is co-created for each stakeholder and how this helps the associated actor better meet their Needs. You could then continue by describing how the Activities and Resources together co-create the value and deliver it to the Stakeholders Actors via the Channels.

Quantifying and simulating your business model

So far we we've talked about writing words on your stickies as you respond to each question. But a business model is more than just words, it is numbers too.

For example how many customer Stakeholders will you have on the model date? How many Products / Services will you sell? How much environmental, social and financial Costs will you incur and Benefits generated?

You can add numbers to each of the relevant stickies to respond to the "how many" and "how much" questions.

Once you have numbers added to the stickies you can simulate the performance of your business model. For example: number of Stakeholders * number of Products / Services sold * price = Financial Revenue. Similarly number of Products / Services sold * unit cost of all required Resources and Activities = Financial Costs

In this fashion you can quickly develop a financial profit and loss statement for your business model This allows you to understand the financial viability of your design. You can use similar techniques to assess the absolute and net environmental and social impacts of your design.

To make environmental, social and financial simulation straight-forward will be a major function of the planned **Flourishing Business Canvas WebApp**.

Business models are summaries

There is a lot to think about when you work on your business model – that's not surprising – there is a lot to think about when you trying to create a business that is socially beneficial, environmentally regenerative and financially viable!

But the value of describing your business model on a canvas is not to capture all the detail – your business model would quickly become so crowded as to be incomprehensible. No, the point of business modeling is to create a summary of your business – the key story and numbers.

When faced with the question of whether or not to include something on your canvas consider: what is useful to capture on my canvas at this stage of development?

It is normal to want to capture detail in addition to what is shown on your business model in other documents. Indeed there are a range of "deep dive" tools to do exactly this. For example:

» For the Costs and Benefits boxes you can develop a Profit & Loss Statement

» For the Activities you can develop Business Process Maps

» For the Stakeholders and Relationships boxes you can develop a Stakeholder Journey Map

Technically speaking...

Your responses to the questions posed by the Canvas are 'just' hypothesis, i.e. answers you came up with in the moment or after some research. At this stage you haven't validated or tested your hypothesis in the world, with Stakeholders 'in the wild'. This process of testing is required determine if your hypothesis are useful, and hence your business model does in fact describe a viable business model, one that will enable the business to reach the Goals you have recorded on the Canvas.

The implications of this are explored in detail in the methods that accompany the Canvas, **see page 12**

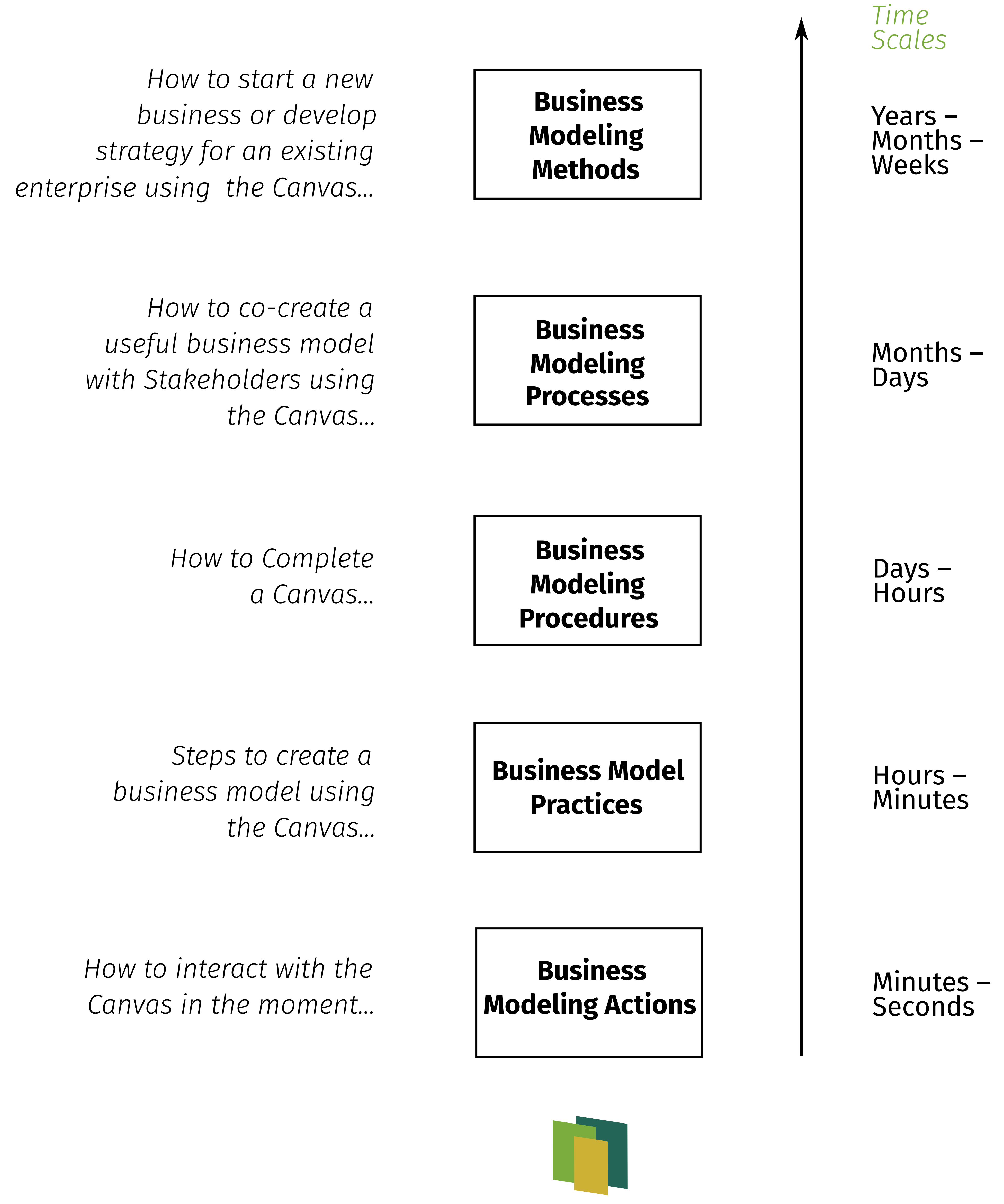
In addition there may be work you need to do in addition to working on your business model. Again there are many “complementary” tools available for these tasks. For example:

- Simon Sinek’s Golden Circle to develop the why / purpose / vision, how / mission and what / strategy for your enterprise
- Nancy Bocken’s value mapping tools to help identify new sources of value
- Theory of change tools to develop how the Value Co-creations will, over time, result in realizing the why / purpose / vision of the business

We plan to produce a catalog of recommended deep dive and complementary tools as part of the Flourishing Enterprise Innovation Toolkit

Business modeling: levels of learning

As with any human activity, in business modeling, business design, enterprise startup or strategy development we are always learning. This learning takes place in different time scales: For example the business modeling actions on the previous pages – adding stickies and story telling – allow learning in the moment – over seconds or a few minutes. Other learning takes place over longer periods of time, as shown in the figure.



The Flourishing Enterprise Innovation Toolkit already includes two methods (**see page 12**), and these include the business modeling processes shown above. Development of guides on the actions, practices and procedures of business modeling are yet to be developed.

Flourishing Business Canvas v2.1 Full Version

Designed for:

Designed by:

Date of model:

Today's 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 for your business consider how your answers need to reflect these vital contexts and the other Actors in your value constellation.

Society

Economy

BIOPHYSICAL STOCKS

What ultimate stocks provide the tangible key Resources that are moved, flow, and / or transformed by this business's critical Activities to achieve its Goals?

What biophysical materials – living and non-living – are required in order to co-create value for your Stakeholders?

Guidance: As per laws of conservation of matter, all materials remain Biophysical Stocks somewhere on our single shared planet irrespective of this business's Activities (past, present and anticipated future)

ECOSYSTEM SERVICES

Ecosystem 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 Ecosystem Service Review v2.0

PROCESS

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

RESOURCES

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

PARTNERSHIPS

What formal partnership agreements/ contracts are required by this business?

To which key Resources do these partnership agreements enable this business to gain preferred access? e.g. an agreement to supply raw materials

Which critical Activities do these partnership agreements ensure are undertaken for this business? e.g. an agreement to deliver the Product/Service

ACTIVITIES

What Activities does this business perform to strive to achieve its Goals?

What Activities enable each value co-creation or value co-destruction?

What Activities create and deliver each product/service?

GOVERNANCE

Which Stakeholders get to make decisions about: which Actors are legitimate Stakeholders, the Goals of this business, its Value Co-creations and its Processes?

What are the Governance arrangements for this business? i.e. which Stakeholders have the power to make decisions about what topics?

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 actor, from their perspective (world-view), now and/or in the future?

Which value co-creations are associated with which Products/Services?

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 actor, from their perspective (world-view), now and/or in the future?

PRODUCTS / SERVICES

What does this business offer and provide to its customer or client or user Stakeholders that co-creates value with the associated Actors to better meet their Needs?

Which offers do customer or client or user Stakeholders pay the business for, realizing (at least financial) Benefits?

PEOPLE

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

RELATIONSHIPS

What type of Relationships with each stakeholder must be established, cultivated and maintained by this business via its Channels in order for value to be co-created (or co-destroyed)?

Examples: Become aware, build trust/ interest, decision making, co-create value, experience, collaborate/support, co-evolve

STAKEHOLDERS

How is each actor involved in this business?

What stakeholder roles does each actor take?

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

CHANNELS

What Channels will be used by this business to communicate, interact, and to develop the required types of relationship with each stakeholder (and vice versa)?

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

ACTORS

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

From which groups or pools of Actors do the people come from who play the role of Stakeholders in this business?

Which individuals, groups or organizations does this business aim to reach and co-create value with to better meet those Actors Needs?

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

NEEDS

What fundamental Needs of the 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 busi… measure the Costs incurred by its business model (Environmentally, Socially, Economically)?

GOALS

What is this business'… success: environmentally, socially and economically?

What are the Goals that the Stakeholders have agreed align with the why/purpose/ vision they have chosen for this business (measured in appropriate units)?

BENEFITS

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

OUTCOMES

What outcomes demonstrate whether this business has achieved its Goals, achieving its Stakeholders 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)?

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Flourishing Business Canvas℠

ACTORS

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

Watch Video

What is an actor?

Actors are all the humans and non-humans who may have an interest in the fact that this business exists. When we create a new enterprise, we are doing so because we believe we can, for one or more Actors, co-create value so one or more of their Needs is better met than previously. Human Actors are any individual, grouping of people, market segments, community, any type of organisation (not-for-profit, for profit, public, or government). Non-human Actors are anything else that may impact or be impacted by this business (plants, animals, but also landscapes/places, plants, animals, or non-human 'systems').

Why consider actors?

Considering Actors means that you are taking a systemic view of all the humans and non-humans that are somehow involved and/or impacted positively or negatively by your enterprise. This means that you explore all their Needs as whole humans/non-humans. If you only consider Actors Needs in relation to the stakeholder roles they take on within your enterprise, it could lead to missed opportunities (to co-create value), or unintended consequences (Value Co-destructions).

For example, your enterprise employs experienced specialists. You believe that as employee Stakeholders, 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 (aka Actors) with the complete set of Needs that every human has, 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 (Actors).

Representing the less powerful: humans and non-humans

The amount of power that human Actors have in relation to your enterprise varies wildly. For example, consider the power a customer has vs. a member of a community where your business is located. In such cases often a group will come forward to represent and lobby on behalf of the less powerful. If the Needs of these less powerful humans are to be taken seriously, then the Actors representing them should be considered a Stakeholder of the business.

Identifying your Actors

When populating the Actors box, ask yourself the following questions:

1. Who may be interested in playing a stakeholder role in my enterprise?

2. Which humans and non-humans will affect or be impacted by my enterprise?

3. For non-human, or a less powerful human, who (individual / enterprise) is representing their Needs; who is their more powerful human voice/spokesperson?

4. Where will I find the Stakeholders I need for my enterprise to realize its Goals? For example; staff, customers, suppliers, investors? To which market segment, larger group or community do they belong?

5. Which individuals, groups, or organizations does this business aim to reach and co-create value with to better meet those Actors Needs?

6. Which individuals, groups, or organizations will choose to get involved in your business because of the value this business may co-destroy with them, harming their ability to satisfy their Needs?

Continue »

Non-human Actors have no power in your business. They cannot represent themselves in a meaningful way. For example, consider: how could an Owl represent its Needs to your business? For non-human Actors, if their Needs are to be seriously considered, it is vital to find an individual or group (often an NGO) who will represent their interests to your business. The importance of these groups and the non-human Needs they represent can be further enhanced by considering the group as a Stakeholder of the business.

Decisions to grant groups representing less powerful humans or non-humans rights as Stakeholders is not a minor decision. Imagine what might happen if you invited such a group to become a Stakeholder of your business, promising to listen to the Needs of those they represent, and then you were not able to follow through on the significant expectations this would create.

Actors exist whether your enterprise does or not

Actors exist in the world whether your enterprise does or not. Actors may take on the role of Stakeholders in your enterprise, so understanding Actors and their needs are important because:

1. When you create a new enterprise, you are doing so in response to meeting one or more Actors fundamental Needs.
2. An Actor may choose to become a stakeholder for positive reasons. i.e. if they come to believe that getting involved in your enterprise will help them better meet their Needs. e.g. an expert may choose to become an employee stakeholder because of the personal growth opportunities and compensation that will be co-created. Usually, Actors have multiple enterprises to choose from to meet their Needs.
3. An actor may choose to make themselves a stakeholder for negative reasons. i.e. if they come to believe that they must get involved in your enterprise to protest the fact that you are (perhaps unintentionally) making it harder for them to meet their Needs.

Can an actor play multiple stakeholder roles in my enterprise?

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

When an actor plays multiple stakeholder roles, it is important that you identify each of the Needs that your enterprise aims to meet by co-creating meaningful value in each of the Actors stakeholder roles.

Will every actor become a stakeholder?

Some Actors will not be direct Stakeholders. 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 a stake (a stakeholder role) in your enterprise.

Continue »

Can you keep all your actors satisfied?

Actors are extremely diverse. One aspect of this diversity is their world-view, which will differ markedly amongst them. One result of this is that co-creating value with one actor to better meet their Needs may be perceived by another actor as co-destroying value, making it harder to satisfy the same or another need. This is a normal occurrence. Once you have identified this situation you can proactively decide what course of action you want to take, from doing nothing at all, to working actively to remove the value co-destruction for the 2nd actor.

For example, consider this simplified situation: an actor who is a employee stakeholder of a company that, because no cost-effective alternative technology exists, is currently polluting a local river. This actor has a need to earn a salary. This need is being met. Value is being co-created with this actor. At the same time there is an actor in the community who fishes the same river. This actor has a need for healthy fish to eat. This need is not being met because of the pollution. Value is being co-destroyed with this actor. Clearly their differing world-views means it will be quite challenging to satisfy the Needs of both Actors. In this case the company could undertake R&D and implement new technology to reduce or remove the pollution. This would mean the end of the value co-destruction for the community member. On the other hand, this company could choose to do nothing, leaving the value co-destruction in place for the community member.

Technically speaking...

All matter (animate or inanimate) in our world can be considered an actor. An actor takes on the role of a stakeholder of this business when a person or another organization presents their own need, or a need of a non-human actor, that this business aims to satisfy. Until that time Actors remain as Actors. They have the potential to become Stakeholders and to take actions that are beneficial to or may harm this businesses ability to meet its Goals

NEEDS

What are the Needs of your Actors?

Watch Video

Whole humans, whole beings or whole places

It is important to consider your 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 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 the actor themselves.

Exploring needs

Needs can be immediate (needing to drink water), on-going (needing shelter), or in the future (needing a piece of equipment to be repairable in five years time).

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 actor is to ensure that you focus on Needs greater than what you believe that your enterprise aims to satisfy. Taking such a systemic approach to understanding an 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.

Organizational needs

Some Actors will be organizations. Organizations have a primary need to survive over time. But the Actors playing stakeholder roles in those organizations will have a range of human Needs, just like all other humans.

Further research is required to best determine how to understand the Needs of an actor that is an organization.

Technically speaking...

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

Identifying the Needs of the Actors

When populating the Needs box, ask yourself the following questions:

1. Which human and non-human Actors fundamental Needs is this business:
   - Intending to satisfy (co-create value) or
   - Might prevent an actor from satisfying (co-destroy value)?
2. How did you come to learn about your Actors Needs?
   - Did you learn it directly through engagement with them?
   - How can you learn more about your Actors Needs?
3. Have you been exploring needs from a systemic (whole human) perspective?

Go back

STAKEHOLDERS

What role(s) does an actor play in your enterprise?

Watch Video

What is a Stakeholder?

An enterprise is co-created by people, human Actors, and is therefore dependent on the meaningful engagement of these people on an on-going basis. The Actors become meaningfully involved because they believe one or more of their Needs can be better fulfilled as a result of the relationship they choose to develop with the enterprise. We call these meaningfully engaged Actors, Stakeholders.

Some Stakeholders can be considered “internal”, such as employees and managers, etc. and some “external” such as customers, suppliers, investors, etc. Irrespective, your enterprise is utterly dependent on its Stakeholders. Without them your enterprise cannot exist, it cannot start, develop or grow. Without Stakeholders your enterprise cannot set Goals, and develop and offer Products / Services. Without Stakeholders your enterprise cannot create any impacts – positive (sustainable flourishing) nor negative (social harm or environmental damage).

So, Stakeholders are the vital human Actors who, because they have an interest, a stake, in the Outcomes of your enterprise, take on a specific role with respect to your organization. (Recall only human Actors can take on a stakeholder role, since organizations are created for and by people).
A stakeholder role is just like the role or part that an actor in a movie takes on. The movie actor is a complete human being with Needs. The Actors in your business are complete humans or non-humans with Needs.

When invited, the movie actor takes on the role as a character in the movie to better satisfy some of their Needs (self-actualization, reputation, money, etc.). When invited the Actors in your business take on the role as various Stakeholders, “characters” in your business to better satisfy some of their Needs. However, an important difference is that through their actions Actors can take on the role as a Stakeholder in your organization without being invited. e.g. a NGO mounting a protest against your enterprises’ value co-destructions may be so effective that they force you to recognize them as a stakeholder.

Choosing to recognize an actor as a stakeholder is a major decision for all other business model elements. Choosing to recognize an actor as a stakeholder requires additional Activities, Resources, Channels and Relationships that will have Costs, as well as Benefits.

Consider, most Stakeholders have whole departments and business processes (Activities) dedicating to developing and sustaining Relationships with them via various Channels, co-creating the desired value.
As a result of these pro-active Relationships the stakeholder’s actor and the business experience value co-creation, making it easier and more likely for the business to achieve its Goals and the stakeholder’s actor to satisfy their Needs. e.g. The following departments and Activities pro-actively develop Relationships with and act as Channels to and from these Stakeholders:

- Customers have marketing and sales
- Employees have human resources
- Suppliers have purchasing
- Investors have investor relations, etc.

Only the Actors who have taken on stakeholder roles on the date of the business model should be considered as your Stakeholders, i.e. the Stakeholders today, in the near future or far future depending on the model date. Even if you’d like an actor to become a stakeholder in the future compared to the current model date, you shouldn’t include this stakeholder in the current model.

Continue »

Identifying your Stakeholders

When populating the Stakeholders box, ask yourself the following questions:

1. Who, which human Actors – individuals, organizations, or groups – directly affect or are affected by your enterprise?

2. How is each human actor involved in your business? i.e. customers, employees, owners, partners etc.

3. What stakeholder role do you need each human actor to play in order to achieve the Goals of this business, and for the actor playing that role to better meet their Needs?

» Consider this may require Actors that find it harder to satisfy their Needs, because your enterprise exists, to be invited to become Stakeholders. This in order to minimize the value co-destruction experienced, and the negative impact this has on whether or not your business achieves its Goals.

4. Which market segments (for customer Stakeholders), groups or pools of human Actors are the source of each stakeholder role – both current and future? e.g. from which group of Actors have your current customers come from, from which group will future customers come from?

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 / oweners – yes, you are also Stakeholders whose Actors have Needs that the business must satisfy to reach its Goals

» Customers

» Beneficiaries – for example as an NGO, your clients 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 thinking about organizations there tends to be a predominant focus on customers or clients 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.

Today, we know better:

» Many other Stakeholders, besides customers, are routinely, and often severely, impacted by who, what, how and where an enterprise undertakes its operations

» If business leaders of the past had chosen to consider both direct and indirect stakeholders, (i.e. 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 create harm and then the failure to take responsibility. As sustainable enterprise leaders, we must strive to eliminate the unintended consequences that are created by ignorance and the prioritisation of one stakeholder need over all others.

Are you specific enough about your stakeholders?

Getting specific about your Stakeholders will help you build a useful business model – for example, identifying that your customer stakeholders are Actors who like to surf is a great start. And 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, the more able you will be able to understand their Actors Needs, their context, where and how to reach them and how to serve them.

Reflect on the example above. Why is it useful to be specific about the surfer group this enterprise aims to attract to become their customer stakeholder.

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 an Actors ability to satisfy their Needs (lobbying groups, employees of your manufacturing suppliers etc...).

Can you think of an actor who may become a stakeholder of your enterprise because you are destroying value for them?

How many stakeholder roles can one actor take?

Actors may take one or more stakeholder roles at the same time or overtime. You should take care to ensure your Value Co-creations to meet the Needs of the actor in one of their stakeholder roles doesn't make it hard for the same actor to satisfy their Needs in another stakeholder role at the same time or overtime.

For example consider that the actor playing the role of an employee stakeholder, with the need for a salary, is usually the same actor playing the role of a family member stakeholder, with the need for a time to parent their children. In this case an actor has two stakeholder roles simultaneously. It is easy to see how excess overtime (helping to meet the need for a salary) could conflict with the same Actors need for time to be a parent.

Another example, where one actor starts out only taking on the role of employee stakeholder, but later, via a share purchase scheme also takes on the role of stock-holder. Can you think of the conflicting satisfaction of Needs that could arise in this case?

Continue »

Technically speaking...

Human organizations are co-created by people, human Actors, to better meet their Needs. This means that organizations are socially co-created. Organizations only exist in the sense that the Actors who are taking on Stakeholder roles believe that they do. This is very much like money. It only has value because we all believe it does.

One consequence of this is that the founding entrepreneur(s), or owners of a business, are also Stakeholders of that business. Just like any other Stakeholders, owners have Needs that the business must better fulfill than if the business did not exist. e.g. the Goals an owner might have for the enterprise could income self-actualization or financial Outcomes. The business does not exist independently of any of its Stakeholders.

All this implies that the common language of entrepreneurs and owners that a business is “theirs” is not technically correct. In a powerful sense an enterprise belongs to all its Stakeholder’s Actors.

Actors are required to become Stakeholders in order for the enterprise to meet its defined Goals and for the Stakeholders’ Actors to improve their ability to satisfy their Needs. These are desirable Stakeholders. In other words the enterprise has pro-active Activities to engage with the actor so they develop a meaningful relationship with the enterprise. Hence these are known as “legitimized Stakeholders”, they are legitimized because the enterprise pro-actively invites these Actors to become Stakeholders. Most Stakeholders, such as customers, employees, investors etc. are legitimized.

However, there is nothing to stop an actor from behaving in such a way that the business is forced to recognize them as a stakeholder, i.e. they have an Impact on the enterprise despite the fact the Actors were not invited to be a stakeholder. Collectively these are known as “impactful Stakeholders”. There are two types of these Stakeholders “impacting” and “impacted”. Impactful Stakeholders arise because of the positive (“impacting”) or negative (“impacted”) effect the business has on their ability to satisfy their Needs.

The Actors who become impacting Stakeholders desire to be Stakeholders because they believe they can pro-actively help the business to achieve its Goals, i.e. because the enterprise exists these Actors are experiencing Value Co-Creations which are not recognized by the business; their Needs are becoming easier to meet, and these Actors want this Value Co-Creation to continue and strengthen. e.g. consider a customer who becomes a thought-leader as a result of their activity in an on-line forum which was not set-up by the business. In this case the customer thought-leader is an actor who is gaining benefits, the value they get from contributing to the on-line forum, making it easier for them to meet their Needs, but this value is not being recognized by the enterprise. So, the company leadership may decide to start a “Customer Advisory Council” and invite such thought-leaders to join, creating a new type of Stakeholder, the thought leaders who are members of the Customer Advisory Council.

The Actors who become impacted Stakeholders desire to be Stakeholders because they are experiencing one or more Value Co-Destructions, i.e. because the enterprise exists, due to its Activities, these Actors are experiencing Value Co-Destructions; it is becoming harder for these Actors to meet their Needs; these Actors want these Values Co-Destructions to end. e.g., consider a community next to a manufacturing plant that is polluting a local river, but who is not considered a Stakeholder. The community members Actors passionately believe they are a stakeholder of the plant because of the impact of the pollution on the local environment, even if the plant’s leadership don’t. So the community takes action and blockades the plant stopping it from operating. The leadership of the plant quickly realize that because they are being negatively impacted, the community is an impacted stakeholder, albeit one they didn’t pro-actively invite.

RELATIONSHIPS

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

Watch Video

Get, keep and grow with

Relationships (touch/engagement points) are what are needed to be able to co-create value with your Stakeholders over time. Relationships focus on how, your Stakeholders and your enterprise will find each other, choose to transact/work together, and, ultimately end the association. 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 touch-points is activated or actioned. For example:

» Relationship: Aware – get someone interested in your enterprise's value co-creation

» Channel: Advertising/word of mouth/partnerships

Types of relationships

The evolution of a relationship between a stakeholder and an enterprise goes through many stages over time. Different types of Relationships are required at different stages. Here are some of the more common types of Relationships:

Identifying the Relationships

When populating the Relationships box, ask yourself the following questions; remember each Stakeholder will need multiple types of Relationships to enable the stakeholder and the enterprise to, over-time, find each other, choose to transact/work together, and ultimately end the association:

1. What types of relationship are required for Actors take on a stakeholder role?

2. What types of Relationships with each stakeholder must be established, cultivated and maintained by your business via its Channels in order for value to be co-created (or co-destroyed)?

» Examples of typical types of Relationships: Become aware, build trust/interest, decision making, co-create value, experience, collaborate/support, co-evolve, provide feedback

3. What types of relationship are required for each value co-creation or value co-destruction to be realized with each stakeholder's actor?

4. What environmental, social and / or monetary equity is being created or destroyed for your business and each stakeholder in each type of relationship via the associated Channel(s)? For example:

» How much more social equity is required to develop a trust relationship when there is a significant power imbalance between the enterprise and a stakeholder?

» How does the level of equity in a type of relationship change the resilience of that relationship to change unanticipated by this business or the stakeholder? i.e. a trust relationship with a high degree of trust will withstand shocks better than a trust equity relationship with little equity

5. What Channels will enable each relationship?

6. What Resources and Activities will be needed to establish and maintain each relationship?

Continue »

Become Aware: All enterprises require a type of relationship in which a stakeholde's actor will learn about or become aware of the enterprise.

Some awareness Relationships require a high touch channel, 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 require a low touch channel and less investment, for example, for a testing lab where you are directly referred by your doctor 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 would be high touch.

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

Build trust/interest: To co-create value to what degree do you need to build trust at which points of the Stakeholders relationship journey? Which parts of your Value Co-creations require a high trust relationship to exist between your business and the Stakeholder to be realized?

In general trust equity will be built when there is alignment between:

» The value co-created with the stakeholder and the value required to satisfy the Stakeholders Actors Needs, and

» The stakeholder Actors world-view and the world-view that led to the agreed Goals of the business.

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 touch-points involved in the act of co-creation. What does this relationship look like for your enterprise and each of its Stakeholders?

Decision Making: What are the key factors that an actor will draw on during their decision-making process to become a stakeholder. Is there a way that your enterprise may be able to help them make the decision to engage?

For some low risk stakeholder roles it is straight forward for an actor to make the decision to take on that role and therefore Actors may not require support during this stage.

However, Stakeholder roles that pose more risk to the Actor to decide to take on, may need considerable support in order for them to act. For example to have an actor to decide to become a customer stakeholder is a big deal. Some popular approach's that support this relationship for customer Stakeholders include free trials, money-back guarantees, demos and mock-ups, etc.

Acquire product/service: How will your customer stakeholder engage or acquire your product or service? How will all other stakeholder roles transact or become involved with what you are co-creating?

Some acquisition Relationships will have multiple steps and involve multiple Stakeholders and will require significantly more investment than others.

For customer Stakeholders you will likely need a acquisition type of relationship to achieve one of the following Activities: 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.

What type of acquisition Relationships for which of your Stakeholders does your enterprise need to enable?

Continue »

Experience: How someone "experiences" engaging with you or your product/service makes a critical difference as to whether value is actually co-created. For example, you may have a perfect product/service with a brilliant theoretical value co-creation, but if the relationship with the customer stakeholder is sour it is quite possible they will experience low value co-creation or even value co-destruction. 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?

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 an experience relationship.

Collaborate/support: How will your enterprise continue the relationship via collaboration to improve and learn more about how to better satisfy your Actors 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 the collaboration.

Some enterprises do not require a strong collaboration relationship such as a stakeholder making a one-time once-off donation at a second-hand store. However, very few enterprises don't have ongoing Relationships with Stakeholders, even if there is only a one-time purchase.

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

Co-evolve: What Relationships may enable your enterprise to co-evolve with your Stakeholders over time? Stakeholders Actors and your business evolve and change over time. 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 between your business and all its Stakeholders?

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 need to co-create value with your Stakeholders, it is important to understand where power and equity are held within the relationship. Do your Stakeholders have fair power and agency within the various Relationships they have with your enterprise? If your enterprise holds all the power, what value may you co-destroy with your Stakeholders Actors 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 relationship? Value Co-destructions can be enabled because power differences are not recognized as Relationships are developed, maintained and ended.

Continue »

Finally, consider how power dynamics and the level of equity in a relationship alters the resilience of that relationship to changes unanticipated by the business or the stakeholder. For example a trust relationship with a high degree of trust-equity will withstand shocks better than a trust relationship with little equity.

Deepening your relationships

Every relationship touch-point is an opportunity for your enterprise to learn more about your Stakeholders Actors. 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 with customer stakeholder Actors: Expand your knowledge anytime, anywhere.

Your enterprise needs to create the following relationships with your customer stakeholder to begin your association, i.e. for the actor to choose to become a customer stakeholder:

Relationship 1: Awareness – stakeholder's actor hears about your product/enterprise.

Relationship 2: Trust – stakeholder's actor looks at reviews before engaging with your enterprise.

Relationship 3: Consider – stakeholder's actor 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's actor confirms purchase after a trial based on the interaction and price. The actor has now taken on the role of one of your customer Stakeholders.

Now consider what relationships are required for an actor to choose to retain their role as a customer stakeholder:

Relationship 5: Technical support – stakeholder has access issues when they are travelling and required technical or other support.

Relationship 6: Collaboration – stakeholder joins the online community and engages in discussions and reviews of the documentaries.

Relationship 7: Renewal acquisition – stakeholder is satisfied with the service and continues to co-create value by continuing their subscription.

Now consider what relationships are required to deepen the relations between the enterprise and an Actor, so they wish to remain a customer stakeholder?

Relationship 8: 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 crowd funding campaigns for independent documentary production.

You will notice that there is a significant investment in getting an actor to choose to become a stakeholder. Therefore, the most efficient relationship retention strategy is to ensure that a stakeholder's actor continues in that stakeholder role. This means that authentic value continues to be co-created with a stakeholder over time with the highest level of trust and lowest social and economic cost.

CHANNELS

What channels enable each type of relationship with each of your Stakeholders to enable value to be co-created?

Watch Video

Channels shape your business model

Channels focus on how you will reach, communicate and distribute to your Stakeholders, and critically, vice versa, how they will reach, communicate and return to you. Careful consideration is required when deciding on the Channels for your enterprise as these decisions will fundamentally shape your business model.

For example, consider how different the rest of the business model will be based on which of the options are chosen from the list below:

» 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, sketch a number of business models to more deeply understand the implications of different channel strategies. Modelling various scenarios can be useful when making these strategic decisions.

Channels to initiate stakeholder relationships

Which Channels enable Stakeholders to:

» Become aware, learn about, and educate themselves of the potential Value Co-Creations (and Value Co-Destructions) of this business

» Express and specify their requirements – enabling this business to learn details of Stakeholders Actors Needs, and subsequently incorporate their satisfaction into the Value Co-Creations.

There will be several Channels required to begin relationships with Actors, so they may later choose to take on a role as one of your Stakeholders.

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, and grant applications.

Identifying Channels

When populating the Channels box, ask yourself the following questions:

1. What Channels will be used by this firm to communicate, interact, and to develop the required types of relationship with each stakeholder (and vice versa)?

» For example what are the Channels used to communicate and develop relationships with customers, employees, investors, suppliers and the community?

2. Which Channels are used to deliver the products or experience the services offered by this business?

3. How does each channel enable the development of the required equity in each type of relationship so that the Stakeholders Actors Needs are met and this business needs to achieve its Goals?

4. With which channel is each value co-creation or value co-destruction realized with each stakeholder?

Continue »

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

Acquire
Which Channels enable Stakeholders to:

- Transact with this business – transfer, buy, sell, lend, borrow, share, give, receive, or donate
- Receive and experience this business's Products / Services

Channels that may support your Stakeholders Actors during the period of time when they are choosing to become your stakeholder, or later when transacting, receiving your product or service, include: bricks and mortar store, telephone orders, online purchasing, shipping, warehousing and storage, subscription platform, marketplace platform, pick-up location, contract, and ticket sales office.

Channels to deepen relationships with stakeholders

Channels that may enable your Stakeholders 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, and upgrades.

Channels to develop stakeholders and yourself

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

Evaluating your channels

Which Channels enable Stakeholders to:

1. Evaluate whether this business has enabled their Needs to be satisficed – that more value has been co-created than co-destroyed
2. Provide feedback to this business a result of learning, specification, use, experience, return or replacement of the Products / Services

Evaluating the effectiveness of your Channels will provide valuable information on which to continue to improve efficiencies and Relationships. Channel evaluations may include customer satisfaction surveys, customer reviews, scheduled conversations/ interviews, independent evaluators, and behavioural observation.

The impact of channels

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.

VALUE CO-CREATIONS

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

Watch Video

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.

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

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

For example, you won't attract and retain Stakeholders if you attempt to co-create value with them that doesn't help those Actors better meet their needs, and for the enterprise to reach its goals. In this case your enterprise will not survive as no one will purchase from you, no one will work for you, no one will supply you, no one will invest in your, no community will want you to be located there, etc. Further, 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 Actors to become Stakeholders may not be the same value co-creations that retain those Actors as your Stakeholders.

Identifying Value Co-Creations

When populating the Value Co-creations box, ask yourself the following questions:

1. What value is co-created with each stakeholder, satisfying the Needs of the associated actor, from their perspective (world-view), now and / or in the future?

2. Which Value Co-creations are associated with each Products / Services?

3. How does each value co-creation contribute to the business's Benefits and the associated Goals?

4. What are the Relationships and Channels required for value to be co-created?

Continue »

Who determines your value co-creations?

Whether a value co-creation is useful is always determined by the Actors playing the various stakeholder roles. Each actor determines whether or not they believe the proposed value co-creation makes it easier for them to meet one or more of their Needs from their perspective. An actor will only experience the value being co-created if this is done in a way which is aligned with their world-view.

For example if an actor is a committed vegetarian who has the need for sustenance, it doesn't matter how good you meat dish is, it won't meet that need. No value will be experienced by either party. Indeed the actor could be insulted in which case offering the meat dish could lead to value co-destruction.

Therefore, it is only through engaging directly with an actor to deeply learn more about their needs from the perspective of their world-view that you can gain insight into how your enterprise can co-create value with them. Spending the time to learn about your Actors Needs from their perspective is always a worthwhile investment.

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' since they don't have to take the time to shop and cook.

Reflection questions:

» Think about some of the products and services that you use, what value do you co-create with that enterprise and their Products / Services? When does the value co-creation happen in time? When you pay for the product/service or other times in your relationship with that enterprise?

» Ask your Stakeholders what is the outcome, feeling or result that they co-create with your enterprise and its product/service offering?

Value co-creations, your draft marketing messages

One useful way to think about Value Co-creations is in their relationship to the messages your enterprise will use to communicate with all its current and potential Stakeholders (the Actors).

While not marketing messages in themselves, you might consider how each value co-creation could be communicated to the relevant Stakeholders and Actors. If you can't imagine how you would explain a value co-creation perhaps it needs more work?

Technically speaking...

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

How many needs are your value co-creations satisfying?

There is usually a many-to-many relationship between Value Co-Creations and Actors Needs. Consider:

- Some Value Co-Creations can satisfy one or more Needs at the same time or over time. (Singular Satisfiers and Synergistic Satisfiers).
- Some Value Co-Creations can appear to a satisfy a Need, but are ultimately experienced as Value Co-Destructions, reducing or preventing the satisfaction of Needs over time (Pseudo Satisfiers)
- Some Value Co-Creations are inextricably linked to Value Co-Destructors: over satisfying one Need and thus preventing the satisfaction of other Needs (Inhibiting Satisfiers)
- Satisfying the Need of an Actor in one of their Stakeholder roles may enable or inhibit that same Actor from satisfying a Need relevant to another of their stakeholder roles (Inhibiting Satisfiers)
- A value proposition may be perceived as always co-creating value for some Actors (Singular or Synergistic Satisfier), based on their perspective (world-view), while being perceived as co-destroying value for other Actors with a different perspective (Inhibiting, Pseudo or Violator Satisfiers)

Are you fulfilling a genuine need or manufactured want?

Value Co-creations that fulfill the genuine Needs of your Stakeholders Actors, as opposed to manufactured wants, will always ultimately be of more value.

Manufactured wants will come and go and require huge efforts to continue to artificially create demand for the associated Products / Services. Whereas meeting a genuine need co-creatively, from a place of authenticity will be long-lasting, and take much less effort. This is because, generally Actors whom you want to become your Stakeholders will be attracted to you. Compare this to, for example, customer stakeholders, having to mount an expensive, likely on-going, marketing and sales process to chase them.

How is value co-created?

A value co-creation is enabled though your Relationships and is realized through one or more Channels (to and from the stakeholder). This is why these two boxes sit between Value Co-creations and Stakeholders on the Canvas.

For example, here is a simple value co-creation: an actor learns (relationship) about your product through your website (channel), they make a purchase (relationship) online (channel), becoming a customer stakeholder. Then your product gets shipped (channel) and on receipt they use your product (relationship).

Finally the customer stakeholders provides feedback (relationship) via your customer on-line forum (channel).

At every stage of this journey value is co-created. Learning creates value for the actor, and how and what they learn creates value for the business. Purchasing creates financial value for the business, but is convenient for the customer because the transaction is on-line. Last but not least is the use of the product, which meets specific Needs of the actor and generates valuable feedback to the business.

Technically speaking...

To learn more about the various categories of satisfiers please see Max-Neef's Fundamental Human Needs.

When is value co-created?

Some Needs require a commitment to co-creating value immediately, other Needs require a commitment to co-creating value at some point in the future, and some Needs require both.

Future Value Co-Creations cannot be defined (that would be prediction, that is unknowable). However, co-creating value in the future may require a value co-creation in the present related to on-going Activities in the present that are oriented towards the future, e.g. continuous improvement - including a commitment to organizational learning.

For example: the need for sustenance must be met both within a short period from now (minutes, hours, days) and over much longer periods. A food retailer is perhaps more concerned with how what they sell meets needs in the shorter time frames. Compare this to a farm equipment manufacturer who should consider the quality of their product today and ensure it is repairable through the availability of spare parts and trained technicians to enable the farmer to produce food for the retailer to sell long into the future.

You are co-creating value with stakeholders other than your customers

Value is co-created with every actor that has chosen to be involved with your enterprise by becoming a stakeholder. Many entrepreneurs and business leaders only focus on understanding the value that they co-create with their customer Stakeholders. However, every enterprise requires many more Stakeholders than customers.

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

These are Relationships that enables all your Stakeholders Actors to better meet their Needs via the value that will be co-created, while at the same time enabling the enterprise to meet its Goals.

Reflection questions:

- Think about the value your enterprise is co-creating with your partners, investors, employees, suppliers, advisors, the environment, local communities
- 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).

VALUE CO-DESTRUCTIONS

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

Watch Video

How can value be co-destroyed?

All value (positive and negative) arises in relationship. Value is co-destroyed (negative value is created) when an enterprise makes it harder for an actor to meet one of more of their Needs. This can happen unintentionally or intentionally. Value co-destructions aren't inherently "bad".

Value can be co-destroyed in one of three ways:

1. The enterprise misunderstands an Actor's world-view and their Needs and offers a value co-creation that in fact is perceived by the Actor as a value co-destruction. For example offering an actor who is vegetarian a meal containing meat to help them meet their need for sustenance.

2. The enterprise offers a value co-creation that appears to be beneficial in the short term, but over time makes it harder for an actor to meet their Needs. For example soft-drinks in the short term do satisfy the need for liquid, but in the longer term, if too many of them are consumed, leads to serious health issues.

3. The enterprise withdraws or changes a previously offered value co-creation that an actor depended upon to meet their Needs. For example consider the impact of a price rise on actors who have a Need to control their costs.

Notice how value is co-destroyed for Actors, irrespective of whether or not they have taken on roles as Stakeholders. In fact Actors who are not your Stakeholders can easily experience significant value co-destruction… which in turn may cause them to force you to recognize them as Stakeholders in the future.

As an example. An enterprise is operating in a community, but has invested little effort in building Relationships with them. The community is definitely not considered a stakeholder by the enterprise. The community meets a significant portion of its need for sustenance by fishing a local river. Now in the course of normal operations the enterprise dumps polluted water into that river. The local community is so incensed at the enterprise they call the media and start a campaign against the company and its operations.

Identifying Value Co-Destruction

When populating the Value Co-destructions box, ask yourself the following questions:

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

2. Which Needs of which Actors are made more difficult to satisfy as a result of the Value Co-destructions?

3. Which value co-destructions are the result of some aspect of your Products/Services?

» This could in the raw materials supply chain, in your manufacturing or delivery process, or after the customer has received and experienced your product/service – as they use it/experience it, or afterwards.

4. How does each value co-destruction reduce Benefits, incur additional Costs and/or hinger the business from achieving its Goals?

5. What are the Relationships and Channels through which value is co-destroyed?

Continue »

So value is being co-destroyed for both the community and the enterprise. For the community it is harder to feed themselves, and for the enterprise there will be an inevitable loss of reputation, possible legal action, or fines because contravened regulations. This leads to customer Stakeholders choosing to cease to be customer, as they decide to no longer be associated with a polluting company. Of course all this makes it harder for the enterprise to meet its Goals.

Needs are the key to identifying value co-destructions

When you understand an Actors 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 Actors Needs that relate to your enterprise's offering. The Actors and Needs boxes on the canvas remind you that all Stakeholders are whole human beings 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 will co-destroy value for your enterprise. When you explore what value your enterprise could co-destroy for an actor, you may discover that they are a direct stakeholder of your enterprise.

Many 'unintended consequences' have arisen due to Actors not being recognised and legitimised as Stakeholders.

For example, retail brands have encountered large scale brand attacks and reputation damage due to their supplier's employment practices – perhaps child labour or inhumane practices in the factories that produce their product. These retail companies failed to view the Actors involved in manufacturing their products as Stakeholders of their enterprise.

In this example the Actors are employee Stakeholders of the firms manufacturing the clothes. And these employees should also be recognized as impacted Stakeholders of the retailer, since the retailers purchasing requirements related to the manufacturer's employment practices directly affects these Actors ability to meet basic human Needs –safety and dignity.

I want to intentionally destroy value for an actor

Your enterprise may intentionally want to destroy value for an actor. 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 fishers and all the other actors in that supply network – owners, investors, wholesalers, retailers, restaurants, diners who eat in those restaurants and buy from those retailers.

Applying a systems approach also works for organisations who you are intentionally trying to destroy value for. When you see shark fin fisheries as Actors who are whole organisations with multiple needs, you may also recognise that you may need to include new Value Co-creations to support these fisheries into transitioning into new markets, in order to secure local jobs and protect local community livelihoods. Without these new Value Co-creations the shark fin fishers will only experience Value Co-destructions and likely strongly resist the campaign to stop the fishery.

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? It has historically been a very 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 a premium or even exorbitant price. 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?

PRODUCTS / SERVICES

What does this business offer and provide to its customer or client or user Stakeholders that co-creates value?

Products / services at the heart

Products / Services are at the heart of your business, they are what you do. This is why Products / Services appears in the Value perspective, at the heart of the Canvas.

While, your Value Co-creations help you understand why Actors choose to take on stakeholder roles with your enterprise, Products / Services are a key way that some Value Co-creations are enabled.

At the same time Products / Services are one key way that the enterprise achieves its Goals and realizes its why / purpose / vision.

Products / services relationships to resources and activities

Products / Services require both tangible and intangible Resources to bring them into existence. Products need raw materials, the knowledge of the manufacturing process and the equipment to manufacture. Shipping the product may also require Resources, transportation equipment used to enable the product delivery channel. Services also very often require Resources to create the intended experience, e.g. food in a restaurant and the kitchen equipment, the roller coaster in a fairground, etc.

Without these Resources the Value Co-creations associated with the Products / Services cannot be realized with the customer, client or user Stakeholders.

Products / Services also require Activities to bring them into existence, and enable them to reach the customer, client or user Stakeholders. Products need Activities to transform tangible Resources into the product, e.g. raw materials to be purchased, some sort of manufacturing process, and some way to sell and ship the products, both the latter via Channels. Services also require Activities to create the intended experience. In addition to Activities to create the experience itself, many services will also require Activities to transform tangible Resources to realize some physical aspects so the experience is possible, e.g. food in a restaurant, the roller coaster in a fairground, etc.

Without these Activities the Value Co-creations associated with the Products / Services will not be realized with the customer, client or user Stakeholders.

Identifying Products / Services

When populating the Products / Services box, ask yourself the following questions:

1. What does this business offer and provide to its customer or client or user Stakeholders that co-creates value with the associated Actors to better meet their Needs?

2. How does each product / service contribute to meeting the enterprise's Goals and realizing the enterprise's why / purpose / vision?

3. Which offers do customer or client or user Stakeholders pay the business for, realizing (at least financial) Benefits? Consider that some organizations may make offers for which some Stakeholders do not pay

4. Which Value Co-Creations and Value Co-Destructions are associated with which Products / Services?

Continue »

Go back

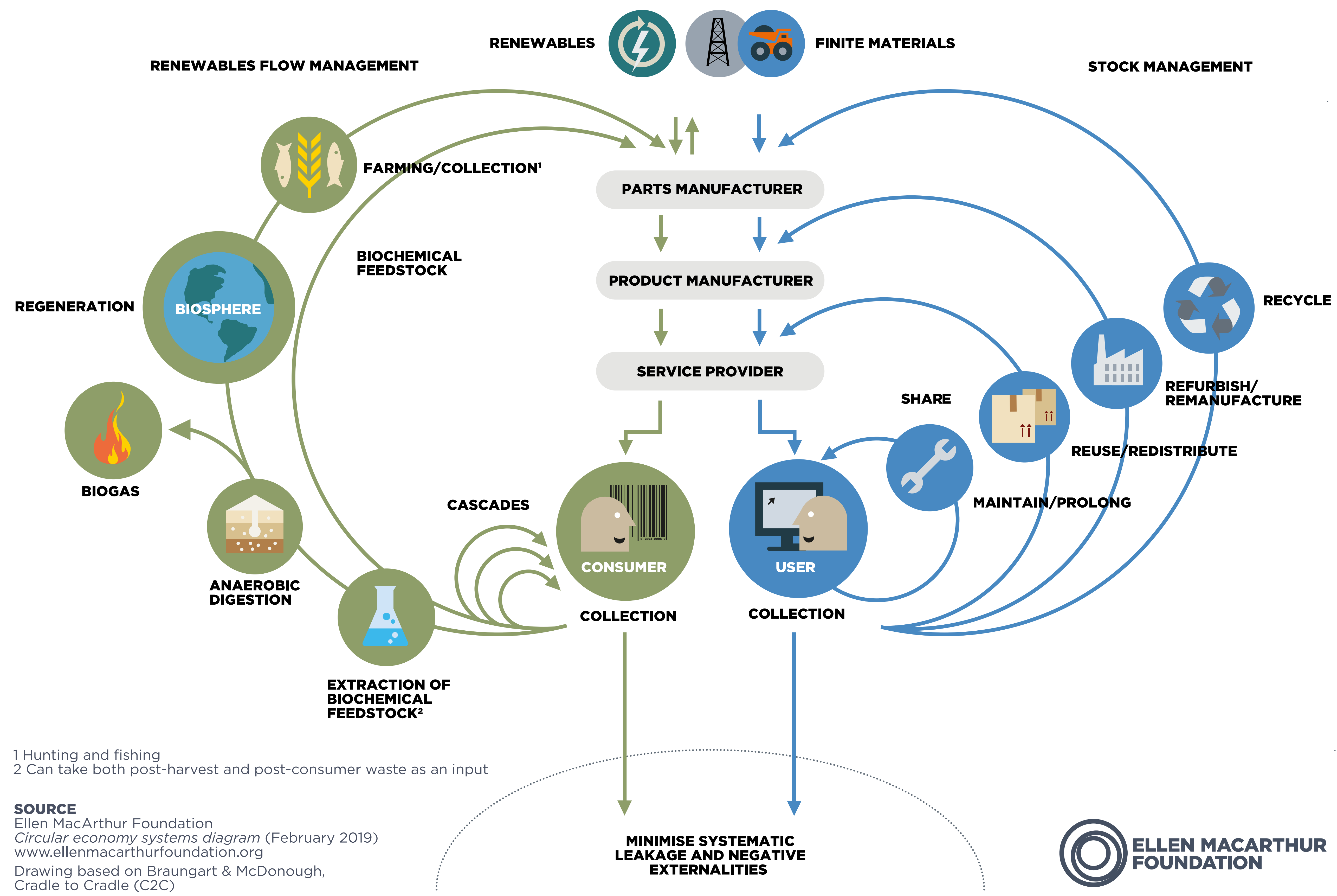
Products / Services and the circular economy

Today it is still normal for products and the physical aspects of services to be designed, created and delivered using the 'take-make-waste' approach. i.e. raw materials are taken from the environment (perhaps through intermediary steps in the inbound supply chain); the firm makes the products / physical aspects of the services, and supplies them to the customer, client or user; and lastly once the user is finished with the product or physical aspect of the service, they throw it 'away' (although of course there is no away... everything remains a Biophysical Stock somewhere on the planet). This approach is clearly not sustainable.

The approach that is sustainable is known as the 'circular economy' This approach recognizes that we all live on a finite planet and that everything we do happens here, everything we do is about transforming, flowing or moving Biophysical Stocks.

In the circular economy, after the total quantity of materials required for Products/ Services is reduced as far as possible, every thing that remains that is not biodegradable, is either maintained, reused, refurbished or recycled (right hand loops in the diagram to the right). And, if it is biodegradable, i.e. it can be put into nature without harming quality or quantity of Biophysical Stocks or Ecosystem Services benefit flows, then the materials are returned to nature (left hand loops in the diagram to the right).

In the Flourishing Business Canvas you can explore how your Products / Services could be enabled by these circular economy principles through the four boxes on the left hand side of the Canvas, described later in this Guide: Resources and Biophysical Stocks, and Activities and Ecosystem Services.



An overview of the circular economy

PARTNERSHIPS

What Relationships with which Stakeholders are so critical for your enterprise that they must be formalised in partnership agreements?

Watch Video

Partnerships support shared goals

A partnership is where two or more individuals or entities agree to cooperate to some degree in a mutually beneficial endeavour. All enterprises require Partnerships. Partnerships are formalized in agreements between the parties.

In practice partnership agreements ensure your enterprise has secure access to a supply of Resources, or access to a capacity to undertake Activities.

For example, typically a manufacturing firm will have partnership agreements with key supplier Stakeholders of raw materials. And such a firm may also choose to outsource certain parts of its manufacturing process – a key activity for a manufacturer.

Since Partnerships are vital to your enterprise achieving its Goals, anyone with whom you have a partnership agreement will be a stakeholder. However, many or most of your Stakeholders will not be partners. You Relationships with them does not require a formal agreement.

In most cases, it is not advisable to partner with others who are not values aligned, for example sharing values around the environment and / or social justice. Taking a systems approach to business design means that you recognise your enterprise's role in the whole value system. For example, to live up to your espoused values your enterprise cannot in practice deliver a product when components of your product are sourced unethically.

Partnerships can present a strategic opportunity to increase your enterprise's impact. Working together in true authentic collaborations with your partners to achieve a shared vision often co-creates innovation opportunities compared with purely transactional partnerships. This type of value co-creation could be very attractive to some Actors who could become vital Stakeholders, such as suppliers or customers. For example value can be co-created by agreeing to help a supplier partner improve their product / service or develop new ones.

Identifying Partnerships

When populating the Partnerships box, ask yourself the following questions:

1. What Resources and Activities do you need to have a formal partnership agreement to secure and perform?

2. With which Stakeholders do you need to partner, and what is the nature of the formal agreement with them?

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

4. How can you leverage your Partnerships to increase your enterprise's impact and achieve the realization of the enterprise's Goals?

Continue »

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, partnerships are built on trust relationships. While trust is crucial in business relationships, it is often not trust that causes challenges within these partnerships; 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.

Partnerships are about agreements

Since partners are Stakeholders who will be providing vital Resources or undertaking critical Activities to help realize your enterprise's Value Co-creations it is wise to define, in a partnership agreement, in writing, the parameters of your relationship. How much of a resource will be supplied, how often, at what cost and with what other conditions? How often will an activity be performed, how many times an hour/day/week/month, at what Costs and with what other conditions?

All these topics and other parameters to ensure a transparent shared set of expectations between your enterprise and one or more Stakeholders should be captured in a partnership agreement.

The idea of the Partnerships box is to record the nature of the formalized agreement between you and key Stakeholders. For example a partnership between a bakery and a flour merchant stakeholder could be to ensure a key resource is available regularly at an agreed price: deliver 100Kg of organic non-GMO whole wheat flour every week to our baking plant for $1.50/kg.

GOVERNANCE

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

Watch Video

What is governance?

Governance refers to the structures (organisational, legal form), systems (policies), and processes that are adopted to make decisions concerning the enterprise – both internally and externally.

Your Governance arrangements determines who, which Stakeholders, have decision-making power and what kind of decision-making power they have. For example: which Stakeholders can determine the Goals of the enterprise – recall founders are Stakeholders too! Which Stakeholders determine when another actor becomes a customer or begins to play another stakeholder role? Which Stakeholders can make partnership agreements?

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

Identifying Governance

When populating the Governance box, ask yourself the following questions:

1. What are the Governance arrangements for this business – single decision maker, multiple decision makers, unilateral, negotiated, consultative, majority, co-operative, or consensus?

2. Which Stakeholders have the knowledge, information and power to make which decisions about:

» The Actors who are to be considered legitimate Stakeholders of this business: the Actors whose Needs are intended to be satisfied, i.e. for which Stakeholders Actor's Needs is value co-creation to be maximized and value co-destruction minimized?

» The Goals of this business and how Outcomes will be measured?

» What this business does now and in the future, its Value Co-creations and Value Co-destructions?

» Where, how and with what and whom are the critical Activities of this business to be undertaken

» Which key Resources are to be transformed in order to co-create and / or co-destroy value?

» To what extent is each stakeholder involved / participate in each decision – excluded, informed, consulted, involved, influences, opines, votes or decides?

3. What are the Activities undertaken and Resources required to execute the Governance arrangements?

Continue »

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 founder, shareholder and investor Stakeholders.

» Can you think of examples where an enterprise has destroyed value for an 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 flourishing enterprise?

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

» Collective entrepreneurship models

» A multidisciplinary and diverse board of directors or advisors

» Partnerships with regulatory or advocacy organisations

» Internal position created with power to control certain decisions, e.g. sustainability manager, ethics and inclusivity manager

» Inclusive decision processes involving multiple Stakeholders, e.g. not just management but employees and for some decisions the community, suppliers etc.

» Policies that embed key practices that ensure the enterprise ‘walks the talk’

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 the founders’ values and enterprise purposes to increase the likelihood of achieving the enterprise’s Goals. Common forms of collective entrepreneurship include Employee Share Ownership Plans (ESOP) and Cooperatives – a nearly 200 year old form of collective entrepreneurship that is known to create longer lasting enterprises.

Case Study – Beau’s Brewing

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.

Continue »

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.

Beau's is an example of one type of collective entrepreneurship. Their 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 well-being is cared for by the community that also inhabits it.

Governance is an enabler of sustainable business models for startups

Often in early-stage start-ups, Governance is often something that is not 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 choice about what will best serve the enterprise and its Stakeholders overtime.

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 legally registered entity, and so you decide on a legal structure which is the fastest to register. Only later do you discover that the legal form chosen has significant drawbacks that limit the enterprise's ability to achieve its Goals.

What many entrepreneurs miss, early on in the design of their enterprise, is that Governance is what determine how values, purpose and sustainability objectives are embedded into the DNA of the enterprise. For example, if the founder stakeholders, you, believe in equality of opportunity, shouldn't the composition of any board of directors or advisors actively support this value?

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 values and the selected enterprise purpose and Goals. There are also many instances where equity funders who do not see the value in the enterprise's purposes beyond simply profit-making pressure founders to make decisions that move the enterprise away from these original purposes to improve efficiencies and profits. Of course, these purposes and the Goals that flow them were the very reason the entrepreneur started the enterprise, but then failed to ensure future Stakeholders could not change them.

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

Reflection questions:

» How will you ensure your legacy, the reasons you wanted to start your enterprise, in the future?

» What Governance practices will ensure that you do not compromise your deepest held values, or lose your investment in building your enterprise?

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

RESOURCES

What Resources are required to create the capabilities for your enterprise to co-create value with your Stakeholders and thereby achieve its Goals?

Watch Video

Resources can be tangible or intangible

What tangible Resources does your enterprise require or currently utilise?

Examples:

» Physical materials including fixed assets

» Raw materials

» Equipment to convert energy into another form, e.g. wind or natural gas to electricity, electricity to motion in manufacturing equipment or a vehicle

Intangible Resources are made possible for the most part by people. However despite Human Resources being common name of the department which is the Channel to employee Stakeholders, human beings are almost never tangible Resources. Rather their skills, knowledge, Relationships, or ability to undertake Activities, or other attributes are (usually) intangible Resources.

What intangible Resources does your enterprise require or currently utilise?

Examples:

» Relationship equity

» Brand

» Tacit and explicit knowledge

» Intellectual property

» Money – working capital, cash, loans

» Copyrights and patents

Note that energy itself is not an intangible resource. However, a fuel (oil, gas, hydrogen) can be a tangible resource. Further, the equipment used to capture available energy from the environment, such as wind, wave or solar, is also a tangible resource.

Electricity, since it is often something that has to be purchased, can be best thought of as a tangible resource, i.e. a consistent flow of very small electrons!

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 your enterprise).

Biophysical stocks are transformed:

» Using energy – heat, beat, irradiate

» Chemically – treat, react, combust

» Biologically – birth, growth, death

Further a tangible resource can not be destroyed, there is no such thing as waste. As per the physical laws of conservation of matter and energy.

Continue »

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).

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, consider enterprises who dump waste (Resources) into rivers (polluting the Biophysical Stocks of fresh water) or those that burn their waste (consuming the Biophysical Stocks of oxygen, and returning the products of combustion to the atmosphere). Not only are they paying for Resources they don’t use, they are also harming quantity and quality of Biophysical Stocks.

Identifying Resources – 1

When populating the Resources box, ask yourself the following questions:

1. To what Resources does your enterprise have privileged access (e.g. water or oxygen) or legal rights (e.g. purchased raw materials or finished goods)?

2. Is your enterprise taking a fair share of these Resources, and is anyone or anything harmed in using these Resources?

3. Does your enterprise use any Resources that it does not have permission, legal rights and ethical consent to use or dispose of?

4. Which tangible and intangible Resources require a formal partnership agreement with another stakeholder to gain the necessary privileged access?

5. Why do you think that it is important in the design of your business model to consider resource access rights?

Identifying Resources – 2

When populating the Resources box, ask yourself the following questions:

1. 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?

2. If your enterprise has sold an item you have transformed or moved to another, are you responsible for its end of life?

Continue »

Go back

Or take an enterprise that 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 – intellectual property), and the years it has taken to learn and refine the art of weaving (resource – skills).

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.

The impact of resources?

In order to build a flourishing business model, it is important to understand the impact of your enterprise's resources. Specifically, you should ask is each a, biological nutrient, a technical nutrient, or is it intangible?

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

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: gases and particulates from burning coal, pharmaceutical waste, etc.

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

For 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 expects them to apply all of their expert knowledge without recognition or remuneration.

Identifying Resources – 3

When populating the Resources box, ask yourself the following questions:

1. How ethically, humanely and fairly are the intangible resources of your enterprise obtained and treated?

2. How toxic are the Resources (biological and technical nutrients) that your enterprise uses to all Actors, to Ecosystem Services, and other Biophysical Stocks?

3. How will this toxicity impact drive Value Co-destructions created by your enterprise?

Technically speaking...

For more considerations see the first 3 environmental sustainability principles from the Framework for Strategic Sustainable Development

ACTIVITIES

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

Watch Video

Activities and business processes

Activities can be broken down into various business processes. The most critical are the business processes that directly co-create (or co-destroy) value with your customer or client Stakeholders, i.e. the processes required to make and ship your Products / Services.

For example the order-to-cash business process starts by taking an order from a customer, and then undertakes all the steps to make and ship your Products / Services, up to the point that the customer pays.

However, activities are required to co-create (or co-destroy) value with each of your Stakeholders, not just customer or clients.

Identifying Activities

When populating the Activities box, ask yourself the following questions:

1. What is the critical value adding work, organized into business processes, required to design, deliver and maintain the organization's Value Co-creations, Value Co-destructions and Products/Services in order to achieve this business's Goals?
   - e.g. Core business processes (e.g. Order to Cash), enabling processes (e.g. Requisition to Pay), infrastructure processes (e.g. Idea to Commercialization, Hire to Retire) or governance processes (e.g. Lead and Manage)?

2. What Activities enable each Value value co-creation or, value co-destruction for each stakeholder?

3. What Activities create and deliver each product/service?

4. What Activities realize the required relationship equity via each channel for each stakeholder?

5. What Resources are transformed by each activity?

6. Does any activity require a formal Partnership agreement with another Stakeholder in order to be executed reliably, at the necessary level of timeliness and quality?

7. Which Activities are dependent on a flow of beneficial outputs from Ecosystem Services? What quality of quantity of benefits is required?

8. Do this businesses Activities impact the future flow of beneficial outputs from those Ecosystem Services in quality or quantity?
   - e.g. Will the work of an activity (e.g. energy used to move or transform a Biophysical Stock) benefit from, cause (irrevocable) harm to, or contribute to, the flourishing of an Ecosystem Service?

Continue »

Examples of business processes

- Core Processes, e.g. order to cash – outbound supply chain
- Enabling processes, e.g. requisition to pay – inbound supply chain
- Infrastructure processes, e.g. idea to commercialisation – new product development
- Governance processes, e.g. lead and manage

All your Activities, along with the associated Resources are what drive your costs – socially, environmentally and financially. You may be able to spot efficiencies and opportunities to innovate when you look at all your enterprises' Activities together.

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 requires a resource to co-create the value with your Stakeholders.

Value co-creation: guilt-free food

- **Product / Service:** Healthy food in a recyclable container
- **Activity:** Cooking, packaging
- **Resources:** Cooking expertise, recipe, organic locally sourced vegetables, glass jars
- **Observation:** Without the activity, the Resources would have less value to a stakeholder

Value co-creation: credible support

- **Product / Service:** Sustainability advocacy resources
- **Activity:** Writing, editing, graphic design
- **Resources:** Data, sustainability knowledge, writing, editing and designing expertise and experience
- **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 with some Stakeholders Actors, or Actors who you don't (yet) consider to be a stakeholder.

For example, a manufacturer whose Activities make a laminated wood product using old-growth timber might be considered by an activist NGO, such as Greenpeace, to be co-destroying value for them (and the non-human nature they represent).

Reflection questions:

- Consider an activity where a resource is transformed in order for value to be co-created: does it require chemicals? Where are these chemicals sourced from, and how are these chemicals disposed of?
- Consider a manufacturing activity, how safe are the working conditions where the Activities are taking place and how ethical are the working practices?

Activities create and deliver products / services

The work to produce and deliver your Products / Services are a key business process that must be captured in the Activities.

Without these critical Activities your business model won't describe how your Products / Services come to be, and hence how they co-create value with your customer or client Stakeholders, helping your enterprise to realize its Goals and ultimately its why / purpose / vision.

Activities realize relationships via channels

The Relationships created and maintained through the Channels you've identified are also realized by Activities.

You should ensure that you understand what Activities are required to create and operate the Channels so that the Relationships can be developed and maintained.

Continue »

Activities transform, flow or move resources

A critical aspect of Activities is their relationship with Resources. Every activity requires one or more Resources. For tangible Resources Activities transform, flow or move those resources that contribute to co-creating the value with your Stakeholders.

What does 'transforming a resource' mean?
The process of co-creating often includes 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 to co-create value with Stakeholders. The process of transformation is described in your business model as Activities.

The other possibilities, in addition to transforming a tangible resource, are that an activity flows or moves it. In both cases the resource goes from one place on the planet to another as a result of the activity, e.g. a pipeline flows a liquid from place to place or a transport truck moves an object from place to place.

Examples: Products – Transforming a resource into a thing

» Using wood (tangible resource) to build (activity) garden sheds (the product, also a finished goods resource), that co-creates value with your customer stakeholder)

» Chef 's knowledge of a recipe (intangible resource), cooks (activity) vegetables (tangible resource) to make soup (the product, also a finished goods resource)

» Using multiple Resources (plastic, metal, electronic components, software) to manufacture (activity) a mobile phone (the product, also a finished goods resource)

Examples: Services – Transforming resources into experiences

» Expert with knowledge and experience (intangible resource) uses data (intangible resource) to write (activity) a report (a tangible resource) that is used to deliver a workshop (activity that creates an experience)

» A person with graphic design expertise (intangible resource) builds (activity) a website (an intangible resource) that creates a learning experience

» A person with bookkeeping knowledge (intangible resource) reconciles and releases salary payments (activity) for employees (Stakeholders) monthly that makes the employees feel fairly treated (experience)

Activities may required formal partnerships

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 example Activities you may choose to have a partner execute for you include:

» Payroll, bookkeeping, accounting

» Manufacturing

» Recruiting

» Marketing and social media

» Public relations

» Information technology

Organizations often outsource activities until they reach a sufficient scale to bring the activity in-house. If your enterprise is outsourcing an activity, there will be an associated partnership agreement and an activity to manage and support the partnership.

For example:

» In-house payroll – activity: running payroll monthly

» Outsourced payroll – activity: providing payroll data to partner, checking payroll submissions, partnership agreement: frequency of payroll, when payroll data must be supplied, reporting requirements, cost

Continue »

Relationship to ecosystem services

The Ecosystem Services box and Activities box on the canvas are highly interrelated. Flows of benefits from Ecosystem Services enable Activities to be performed, and performing an Activity may benefit or cause harm to an ecosystem service.

Consider whether you will need to draw on flow of benefits from an ecosystem service to perform an activity. Consider if one of your Activities will harm the quality or quantity of flows of benefits from an ecosystem service.

Reflection questions:

» Does my enterprise in some way rely on the following ecosystem service benefit flows to perform its Activities?

◊ Clean air to breathe

◊ 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 the essential services to exist on our planet?

How much detail about activities to include?

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 detail involved or undertaken in a box. You will have multiple documents that you develop to support each canvas box. For example for Activities you might consider developing some business process maps.

If you are unsure of what information to capture on your canvas, ask yourself: What is useful to capture on my canvas, at this stage of the development of my enterprise? And, what information should I capture, but only summarize on the canvas? How is this information best captured?

For example for an enterprise with three employees, you may not find capturing payroll Activities useful, however, if your enterprise offers payroll services, then this Activity will be key.

Technically speaking...

To see a complete list of all the Ecosystems Services and the flows of benefits they generate for humanity, and human enterprises, please consult: The Corporate Ecosystem Services Review: Guidelines for Identifying Business Risks & Opportunities Arising from Ecosystem Change, version 2.0

BIOPHYSICAL STOCKS

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

Watch Video

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.

Identifying Biophysical Stocks

When populating the Biophysical Stocks box, ask yourself the following questions:

1. What ultimate stocks provide the tangible Resources that are moved, flow, and / or transformed by your business's critical Activities to achieve its Goals?

2. Which biophysical materials – living and non-living – are required in order to co-create value with your Stakeholders and reach your enterprise Goals?

3. How much of each biophysical stock exists on this, our single finite planet, and what share does my enterprise gain privileged access to to become the required tangible Resources?

4. How does your enterprise protect and preserve the quality and quantity Biophysical Stocks to secure future access to tangible resources and to ensure continued flows of benefits from the associated Ecosystem Services?

5. All Biophysical Stocks are limited in a given place, for example fresh water is not universally available in all places, how will you determine what is your enterprise's 'fair share'? Which Actors will need to be involved in this determination?

6. How much value is co-created or co-destroyed for all the Actors by the transformation, flow or movement of these stocks as they are used for my enterprise's tangible Resources?

7. 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?

8. How does the change in the quality, quantity or location of each biophysical stock impact the flourishing of Ecosystem Services dependent on those stocks?

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

Continue »

> **Technically speaking...**
>
> As per laws of conservation of matter, Biophysical Stocks can neither be created nor destroyed, only moved, flowed or transformed by an organization's Activities (physically, chemically, biologically).
>
> Also, as per laws of conservation of matter, all tangible Resources remain Biophysical Stocks somewhere on our single shared planet irrespective of this business's Activities.

Everything and everyone is a biophysical stock

Biophysical Stocks are all materials 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 (at any stage of their lifecycle from new to end-of-life), all chemicals, all waste, all animals (including humans) and all plants.

Every single tangible 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 gaining access to something from the biosphere (Biophysical Stocks) and transforming or moving it (through the Activities of your enterprise).

Can you name all of the Biophysical Stocks that your enterprise uses or engages with? Which of these are the most important to consider in your business model?

> **Technically speaking...**
>
> For more considerations see the three environmental sustainability principles from the **Framework for Strategic Sustainable Development**

Relationship between resources and biophysical stocks

In the same way an actor is always present, but the stakeholder roles they take, if any, on occur over time, all Biophysical Stocks are always present, but only a subset of them become tangible resources to your business over time. This means that as your Activities transform, flow or move Resources they are actually manipulating the underlying Biophysical Stocks. Again, as with Actors and Stockholders, Stakeholders are just a role Actors take on for some period of time. Similarly tangible resources are just Biophysical Stocks that an enterprise has gained privileged access to for some period of time.

As a result every thing, every tangible resource, your business takes in, transforms, flows, moves, and chooses to consider "waste" or no longer of concern, remains a biophysical stock of that thing. Whatever your business's Activities do to tangible Resources it is in fact manipulating Biophysical Stocks.

Continue »

Relationship between biophysical stocks and ecosystem services

All Ecosystem Services are dependent on one or more Biophysical Stocks. The quantity and quality of the available stocks strongly determines the quantity and quality of the flow of benefits that emerge from the services. For example: the ecosystem service of photosynthesis, the process by which most plants grow, is dependent of the quality and quantity of soil and water available (both Biophysical Stocks).

One outcome of many Ecosystem Services is that they change the quantity and quality of Biophysical Stocks. For example, the ecosystem service of water cycling includes filtering the water through wetlands (both Biophysical Stocks) and other means. This process increases the quality and quantity of available fresh water near the wetlands.

As you can see by these examples it would be quite easy for your Activities to disrupt flows of benefits created by Ecosystem Services that result in Biophysical Stocks you may rely on as Resources.

Technically speaking...

One important aspect of systems thinking is to understand the things the system is made up of (called stocks), and how those things flow around the system over time (referred to as flows).

The Flourishing Business Canvas models the system that is the biosphere using this stocks and flows approach. All the things in the biosphere are Biophysical Stocks, all the benefits from the Ecosystem Services are the flows.

ECOSYSTEM SERVICES

Which ecosystem service benefit flows are used in, required by, harmed or improved by your enterprise's Activities?

Watch Video

I am not sure how ecosystem services relate 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.

What is an ecosystem service?

We are all intimately and ultimately dependent on a healthy biosphere – the place where all life on our finite planet exists. The biosphere consists of a number of ecosystems which, at least for the last 12,000 years, have contributed to the conditions conducive for human life to flourish. It is ecosystems that enable the Earth to sustain all life. Ultimately ecosystems are powered by energy from the sun.

The necessity of ecosystems to people's well-being has long been recognized. But, until recently, there hasn't been a useful way to think about the specific benefits that ecosystems provide to us humans and our organizations. Considering the beneficial output of each ecosystem that is relevant to human well-being, i.e. the service it provide us, is a way to think about ecosystems from a human perspective. This ecosystem service approach to thinking about how nature enables human flourishing is fairly new, and growing in popularity. This approach was originated by the UN sponsored Millennium Ecosystem Assessment project, and first published in 2005.

Identifying Ecosystem Services

When populating the Ecosystem Services box, ask yourself the following questions:

1. Which flows of benefits from what Ecosystem Services are used in, required by, harmed or improved by this business's Activities?

2. Which of your Actors / Stakeholders are reliant on Ecosystem Services benefit flows to meet one or more of their Needs (whether or not your business is intended to help the Actors better meet those Needs)?
   » How much value is co-created or co-destroyed with all the Actors in this business model by these flows of ecosystem service benefits?

3. The distribution of ecosystem service benefit flows varies enormously from place to place on our single shared finite planet. How does your enterprise's location and other contextual factors influence what this business considers a 'fair share' of the benefits from each ecosystem benefit flow?

4. How does your enterprise protect and preserve Ecosystem Services benefit flows as it undertakes its Activities (locations, quality and quantity)?
   » How may your enterprise's Activities contribute to the degradation of Ecosystem Services benefit flows?

Continue »

There are four major categories of Ecosystem Services (introduced next), each with 3 to 11 specific services. The output from each service is described as a flow from the ecosystem of benefits to humanity, i.e. an ecosystem service flow of benefits.

These flows of benefit from each ecosystem service, directly and indirectly, contribute to human well-being. Healthy ecosystems, and the services they provide, create flows of benefit of high quality and high quantity. An organization's Activities that disrupt the operation of an ecosystem will also disrupt the quality and quantity of benefit flows from the associated ecosystem service to humanity. In other words, ultimately, disrupting an ecosystem will harm humanity by reducing the flow of benefits to humanity that we require to survive and flourish.

Technically speaking...

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.

Types of ecosystem services

Ecosystem Services can be categorised into four main types:

1. **Provisioning services** create the flow of products (Biophysical Stocks) from ecosystems that we require, such as food, freshwater, wood, fibre, genetic resources and plant-based medicines.

2. **Regulating services** benefits come from obtained the balancing ecosystems, processes such as climate regulation, natural hazard regulation, water purification and waste management, pollination or pest control.

3. **Cultural services** enable non-material benefits that people obtain from healthy ecosystems such as recreation, ethical and spiritual values, and educational and inspirational value.

4. **Supporting services** benefit humans and provide vital inputs to other Ecosystem Services, such as photosynthesis (primary production), animals reproducing (secondary production), nutrient cycling, the creation of soils, and the water cycle.

   Together these services allow the Earth to sustain all life forms – including us humans. Further, without provisioning, regulating and supporting services, cultural services would not exist.

Relationship between activities and ecosystem services

Almost all Activities are in some way dependent on the flow of benefits that come from one or more Ecosystem Services. For example, manufacturing paper requires clean water from the water cycling service, and making deliveries using a internal combustion engine vehicle requires oxygen to burn from the photosynthesis service.

And, to take it to the most basic level your employees, who undertake your Activities, need clean air, fresh water and food to eat – all of which depend on the flow of benefits from various Ecosystem Services.

Whatever level you decide to model the relationships between your Activities and the Ecosystem Services, know that in very real ways the performance of those Activities is highly interdependent with the flows of benefits provided by Ecosystem Services.

Technically speaking...

For more considerations see the three environmental sustainability principles from the **Framework for Strategic Sustainable Development**

Continue »

Go back

Relationship between ecosystem services and biophysical stocks

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One outcome of many Ecosystem Services is that they change the quantity and quality of Biophysical Stocks. For example, the ecosystem service of water cycling includes filtering the water through wetlands (both Biophysical Stocks). This process increases the quality and quantity of available fresh water near the wetlands.

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COSTS

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

Watch Video

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 drivers, which are interconnected and interdependent. For example, the number of employees you need is determined by the number of Actors you need to reach to convert into customer Stakeholders to meet your financial Goals in a given time period. All of these drivers together determine your financial Costs.

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

» Resources required, such as computer hardware, raw materials, human expertise

» Activities to transform resources, such as manufacturing costs, software programming costs

» Channels between you and your Stakeholders (and vice versa), such as online platform, call centre, shipping, employee portal

Identifying Costs

When populating the Costs box, ask yourself the following questions:

Remember:

- Not everything that can be counted counts, and not everything that counts can be counted – you can't manage for love!

- Creating and measuring emergent properties, such as the possibility for flourishing or sustainability outcomes, is not the same as managing a mechanistic production line

1. How does this business know if it is moving away from achieving its Goals?

2. What are the Costs arising from the Activities and Resources in order to realize each value co-creation, and/or for the delivery of Products/Services (measured in appropriate units)?

3. What indicators are used to measure each Cost (measured in appropriate units)?

4. How does this business account for Social and Environmental Costs that may not be monetized? How are non-monetized Costs measured (in appropriate units)?

5. If you're not currently measuring your Social and Environmental Costs, why not?

» How may you measure and evaluate your Social and Environmental Costs?

Technically speaking...

Some useful measurement guides and tools include:

» **B-Impact Assessments**

» **SDG Indicators, Summary of the SDG Indicators**

» **Future-Fit Business Benchmark**

Continue »

There are many drivers that will contribute to 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 of the model at the top right of the canvas) then work backwards through the canvas to allocate these Costs.

What costs do startups often forget

'If there is an invoice or receipt, 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, 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 financially viable, then you can address social and environmental costs

This is a statement that is still heard frequently from entrepreneurs and leaders of established enterprises. '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 to an enterprise. Many 'unintentional consequences' have arisen out of taking this approach. Integrating social and environmental costs from the beginning 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.

Where as planning to minimize harm or even regenerate the environment as part of the product's design can provide opportunities for differentiation and life-cycle cost reduction.

Building a flourishing enterprise requires you to respond to social and environmental contexts throughout the design of your business model. Your enterprise's ability to enable the possibility for flourishing 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.

Reflection questions:

» Do you value financial Costs over other Costs, and if so, why?

» How can minimizing your social and environmental Costs reduce your Value Co-destructions with your Stakeholders?

» What social and environmental Costs must avoided for you to feel that you can, with integrity, continue to build your enterprise, and realize the purpose of the enterprise?

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)

Costs are numbers!

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

Further, in addition to recording what the cost is, for example ‘financial cost of raw materials’ or ‘carbon tax costs’ you should set a target for Costs socially and environmentally.

If you do the same for Benefits then subtracting your total Costs from your total Benefits will give you a sense of whether or not you are meeting the Goals the Stakeholders have set for the business.

GOALS

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

Watch Video

Goals inform all parts of your business model design

Achievable and intentional Goals will shape the design of your whole business model. Firstly, the date of the model (top right corner of 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 the date of the model?

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. For example, if your main goal by the date of the model is to ensure that you prove the viability of an innovative manufacturing process that has less unintended consequences than your competitors, 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), and you'll need your funders focused on research (as opposed to commercialisation).

Identifying Goals

When populating the Goals box, ask yourself the following questions:

1. What is this business's definition of success: environmentally, socially and economically (measured in appropriate units) ?

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

3. Have the enterprise Goals been co-created and agreed to by Stakeholders who have Governance rights to do so?

4. How are the Goals informed by the values and beliefs of those Stakeholders who have Governance rights to set them?

5. How are the enterprise Goals aligned with the individual Stakeholders Actors Needs? How do the Stakeholders Actors individual definitions of success align to or diverge from the agreed Goals? (This will vary depending on the subset of the Stakeholders Actors Needs they expect the business to satisfy)

6. Do the Goals, that the Stakeholders have agreed to, align with the why/purpose/vision they have chosen for this business ?

7. Does the achievement of any Goals require value to be co-destroyed for other Stakeholders or Actors (with no governance rights)? i.e. will achieving the Goals leave some Actor's Needs unsatisfied, or worse, made harder to meet?

8. On the date of the model...

- In the near future: are the Goals set by the Stakeholders minimally acceptable, achievable, near term objectives for the business
- In the far future: are the Goals set by the Stakeholders aspirations or ideal-goals, to which the business is committing to striving to achieve, even if believed to be ultimately unrealizable

9. Goals are for the reporting period that ends on the model date – e.g. if reporting period is annual, and the model date is Jan 1 2025, the Goals should be for the 12 months ending Dec 31, 2024

You should also consider when responding to all the other question boxes:

- Does our response to this box align and move us closer to our Goals or further away?
- Together are all our responses to all the boxes the best, most efficient, effective and graceful way to realize our Goals?

Continue »

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

Enterprise why / purpose / vision grounds your goals

Your enterprise why, purpose or vision 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 why / purpose / vision within your near-future time context. 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 why / purpose / vision.

This intentional exploration between your Goals and your enterprise why / purpose / vision determines many vital decisions, partnerships and choices that you make when designing your flourishing business model.

Who decides on the enterprise goals?

Your enterprise Goals will reflect the Needs and desired Outcomes of those who created them. In a flourishing enterprise, the Goals of multiple Stakeholders are considered to ensure that value is not being unintentionally destroyed for anyone or anything.

Are you meeting your goals? Is your enterprise viable?

Once you have set your Goals, and calculated your projected Benefits and Cost you are in a position to assess the performance of your business model design. Are you meeting your Goals? Does the enterprise meet your definition of viability?

Viability, socially, environmentally and financially is 'calculated' by subtracting the total Costs from the total Benefits. You then compare this result with your Goals to determine if you are sufficiently viable on the date of the model.

This means you need some alignment on the 'topic' of each cost, with each benefit, with a goal in order to do this 'calculation'. You may of course have multiple Costs and Benefits for each goal.

For example your Goal may be to get to net zero CO2e, and achieve a certain level of financial performance. For the CO2e you have both Costs (you emit some CO2e) and Benefits (you capture / sequester / off-set some CO2e). If the Benefits are the same as or greater then you have achieved your Goal. For the financial side of things you have both Costs (primarily the cost of all your Resources and for the execution of all your Activities) and Benefits (Revenues received from Stakeholders as part of some of the Value Co-creations). To determine if you are on track financially, you then subtract the Costs from the Benefits and compare this to your financial Goal.

BENEFITS

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

Watch Video

Indicators drive benefits

Benefits are driven by the drivers 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 customer Stakeholders will have to purchase your offering in a given time period. You will also need to determine how many Actors who are potential customers to reach via Channels, and the rate of conversion from Actors who are potential customers to customer Stakeholders.

Identifying Benefits

When populating the Benefits box, ask yourself the following questions:

Remember:

- Not everything that can be counted counts, and not everything that counts can be counted – you can't manage for love!

- Creating and measuring emergent properties, such as the possibility for flourishing or sustainability outcomes, is not the same as managing a mechanistic production line

1. How does this business know if it is moving towards the achievement of its Goals?

2. What are the Benefits arising from each Value Co-Creation, and/or for the delivery of Products/Services (measured in appropriate units)?

3. What indicators are used to measure each benefit (in appropriate units)?

4. How does this business account for Social and Environmental Benefits that may not be monetized? How are non-monetized Benefits measured (in appropriate units)?

5. If you're not currently measuring your Social and Environmental Benefits, why not?

» How may you measure and evaluate your Social and Environmental Benefits?

Technically speaking...

Some useful measurement guides and tools include:

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Continue »

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

» Market size (number of Actors)

» What is a stakeholder prepared to pay or provide to co-create value with your enterprise?

» Conversion rates, the percentage of Actors (potential customers) that you reach that end up becoming to Stakeholders, for example, 2.5% of all those Actors who visit your site end up purchasing and becoming customer Stakeholders

» How complex are the Relationships and how much time is required for your Channels to be able to deliver the co-created value with 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. Drivers, 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 drivers that you will require to meet your desired figure. Then ask is this realistic by your specified date of the model?

How do startups over estimate their benefits?

It is often the case that a start-up's revenue projections are overestimated within the anticipated timeline set for their achievement. 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 the date of the model?

Are you considering 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 up-cycled waste, removal of environmentally harmful products from the biosphere.

Social and environmental Benefits are as important as financial Benefits when designing a flourishing 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 to financial Benefits in a flourishing enterprise, as opposed to seen as secondary to financial Benefits.

Reflection questions:

» Do you value financial Benefits over other Benefits, and if so, why?

» How can social and environmental Benefits strengthen your Value Co-creations with your Stakeholders?

» What social and environmental Benefits are required for you to feel that you can, with integrity, continue to build your enterprise, and reach the purpose of the enterprise?

Continue »

Social, environmental and financial benefits

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

Here are some examples of Benefits:

- Financial Benefits: payments received from customer Stakeholders for a specific product / service. Grant funds received from a government stakeholder
- Social Benefits: increased happiness, well-being
- Environmental Benefits: nature regenerated (measured in its own applicable units such as Système International units – Kelvin, Second, Metre, Kg, Candela, Mol and Amp)

Benefits are numbers!

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.

Further, in addition to recording what the benefit is, for example ‘financial revenue from customers’ or ‘grant revenue’ you should set a target for Benefits socially and environmentally.

If you do the same for Benefits then subtracting your total Costs from your total Benefits will give you a sense of whether or not you are meeting the Goals the Stakeholders have set for the business socially, environmentally and economically.

Flourishing Enterprise Innovation Toolkit℠

Flourishing Business Canvas℠

Flourishing Startups Method℠

Flourishing Enterprise Strategy Design Method℠

Produced by the First Explorer Community of the Tool for Leaders

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