# MODULE 1: DETRIVIALIZING SHARED VALUE

#### 3.11.2020

Dr. Ville Eloranta, University Lecturer, Aalto University, School of Business, Dept. of Management Studies (IDBM)







### **TODAY'S SCHEDULE**

- Introduction
- The course structure
- Keynote: Business model and shared value as concepts
- **Preparing for Thursday**
- Q&A







## WHAT IS A BUSINESS MODEL?





#### Value creation + value capture









#### More modern perspective:

# Value creation + value capture

Value sharing among the contributors



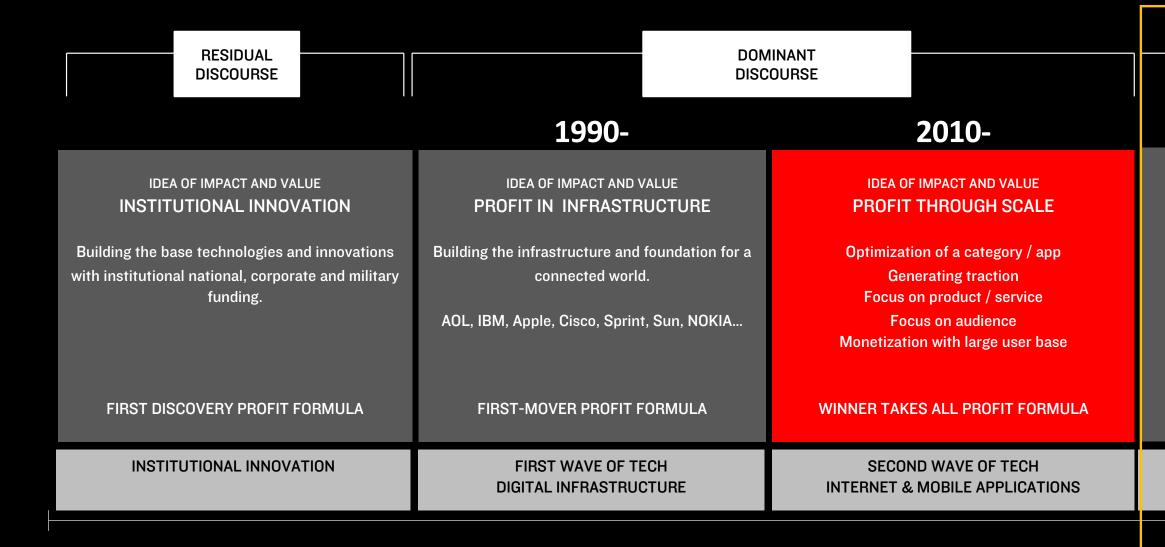








## A NEW VALUE LOGIC IS EMERGING



#### EMERGENT DISCOURSE

**IDEA OF IMPACT AND VALUE PROFIT THROUGH IMPACT** 

Partnerships with new actors Policy and government collaboration Scaling with sustainability in mind Penetration of tech into all aspects of life drives new opportunities A widened understanding of impact

SHARED VALUE FORMULA

THIRD WAVE OF TECH SOLVING REAL-LIFE PROBLEMS

11/9/20 - 19

#### Miika Huttunen, SLUSH, 2020

### **DISCUSSING THE SHARED VALUE** CONCEPT

Let's discuss in groups

- Is shared value something more than neatly wrapped marketing message and "sustainabilitywashing"?
- How to embrace value sharing in  $\bullet$ business?

**REFLECTING THE READINGS** 

- ٠
- •







Michael Porter: Why business can be good at solving social problems. https://youtu.be/0ilh5YYDR2o (video)

Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of "creating shared value". California management review, 56(2), 130-153.



### **BUSINESS MODEL IS A MIDDLE LEVEL** CONCEPT

descriptions are neither so general that they fail to distinguish the main differences between firms...

...nor are they so absolutely particular that they cover every last detail of contract and activity. (Baden-Fuller & Morgan, 2010)





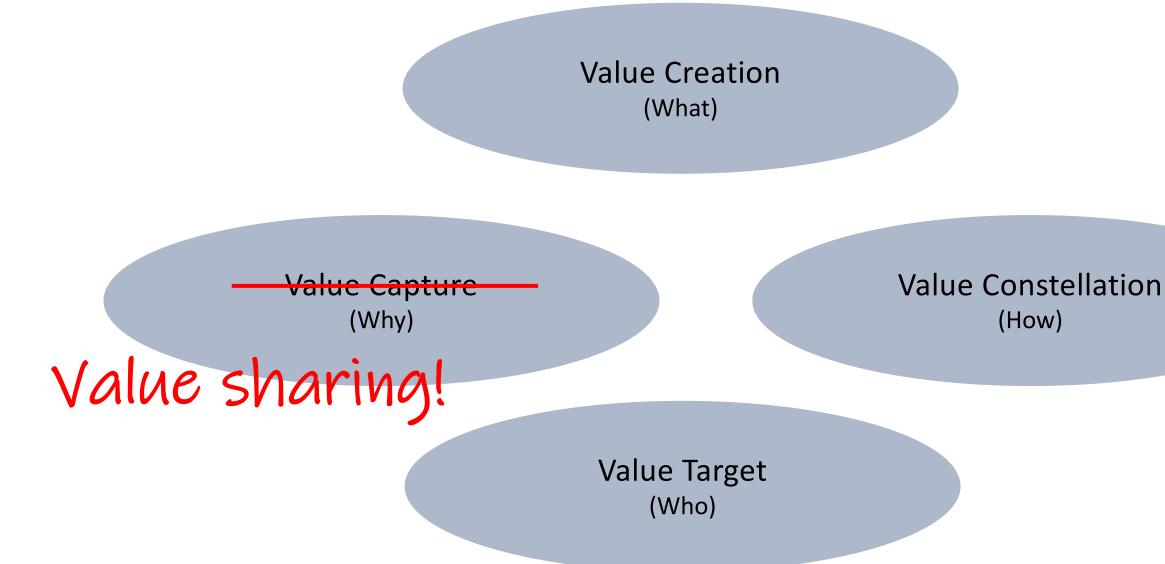








### **MOST DEFINITIONS AGREE WITH THESE ELEMENTS**



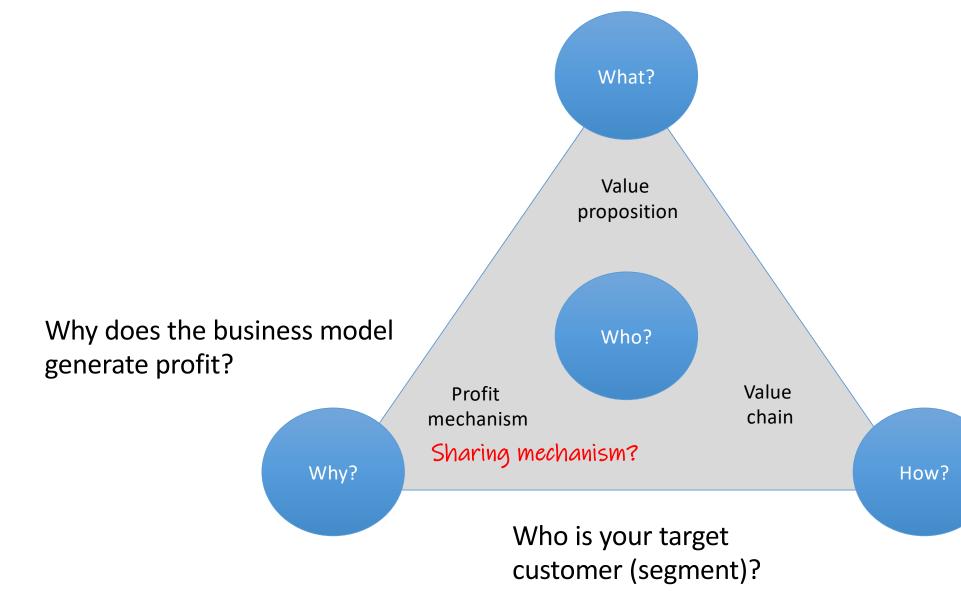






### INTEGRATIVE CONCEPT: BUSINESS MODEL TRIANGLE

What do you offer to the customer?







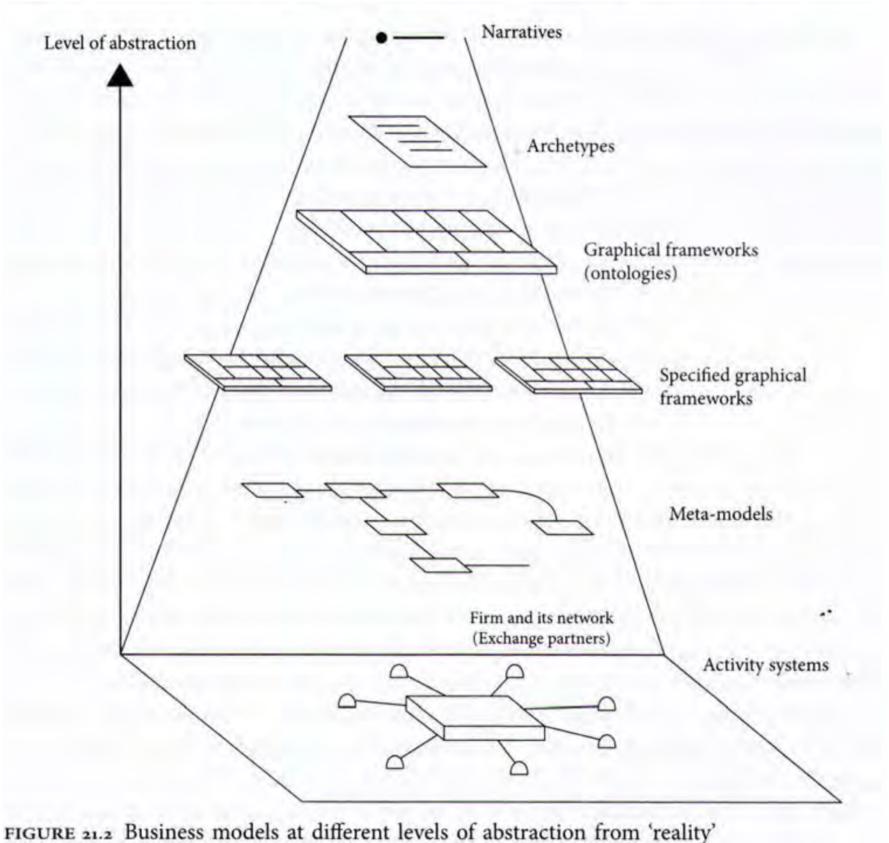
#### How is the value created?



Gassman et al, 2014

### MODELING **THE BUSINESS MODELS** –

### DIFFERENT **LEVELS OF ABSTRACTION**









Massa & Tucci, 2014

### **BUSINESS MODELING: NARRATIVES**









Sendbird, 2016

### **BUSINESS MODELING: ARCHETYPES**

Archetype: Maximise material and energy efficiency'.

ings								Value proposition Products or services that use fewer resources, generate less	Valu Activ	
Group	Technological			Social			/ o	waste and emissions and create less pollution than	aimed and g emissio	
Archetypes	Maximise material and energy efficiency	Create value from waste	Substitute with renewables and natural processes	Deliver functionality rather than ownership	Adopt a stewardship role	Encourage sufficiency	Repurpo for socie environn	products/ services that deliver similar functionality.	on pro proce extend partner recor efficien chain e	
Examples			S				Archetype: Create value from			
	Low carbon manufacturing/ solutions	Circular economy, closed loop	Move from non- renewable to renewable energy sources Solar and wind- power based energy innovations	Product-oriented PSS - maintenance, extended warrantee Use oriented PSS- Rental, lease, shared Result-oriented PSS- Pay per use	Biodiversity protection	Consumer Education (models);	elin			
	Lean	Cradle-2-Cradle			Consumer care - promote consumer health and well-being	communication and awareness		Value proposition The concept of 'waste' is eliminated by turning existing waste streams into useful and	Activit elimina mater	
	manufacturing Additive	Industrial symbiosis				Demand management				
	manufacturing De-	Reuse, recycle, re-manufacture			Ethical trade (fair trade)	(including cap & trade)	ownersh cooperat	valuable input to other production.	use of	
	materialisation (of products/ packaging) Increased functionality (to reduce total number of products required)	Take back	Zero emissions initiative		Choice editing by retailers Radical transparency about environmental/ societal impacts	Slow fashion Product longevity	mutua (farmer collectiv Social ar biodivers regenerat initiatives ('net positive Base of pyran solutions		partr firm	
		Use excess	Blue Economy	Private Finance Initiative (PFI)					indu tra	
		capacity	Biomimicry The Natural Step	Design, Build,		Premium branding/ limited availability				
		Sharing assets (shared ownership and collaborative consumption)	Slow	Finance, Operate (DBFO)				ve')		
			manufacturing Green chemistry	stry Management	Resource stewardship	Frugal business		mid capital"		
	Extended producer responsibility			Services (CMS)		Responsible product distribution/ promotion	Localisation Home based, flexible working	ed,		

**Aalto University** 



#### alue creation & delivery

tivities and partnerships ed at using fewer resources d generating little waste, sions and pollution. Focus is roduct and manufacturing cess innovation, but may end to wider changes. New nerships and value network onfigurations to improve iencies and reduce supply emissions (e.g. transport).

#### Value capture

Costs are reduced through the optimised use of materials and reducing waste, and compliance leading to increased profits and competitive pricing advantage. Positive contribution to society and environment through a minimised environmental footprint.

#### "waste"

#### alue creation & delivery

ivities and partnerships to inate life cycle waste, close terial loops and make best of under-utilised capacity. Introduction of new rtnerships (e.g. recycling irms), potentially across dustries, to capture and ransfer waste streams.

#### Value capture

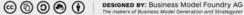
Economic and environmental costs are reduced through reusing material, and turning waste into value. Positive contribution to society and environment through reduced footprint, reduced waste and reduced virgin materials use.



Bocken et al, 2014

### BUSINESS MODELING: GRAPHICAL FRAMEWORKS (ONTOLOGIES)

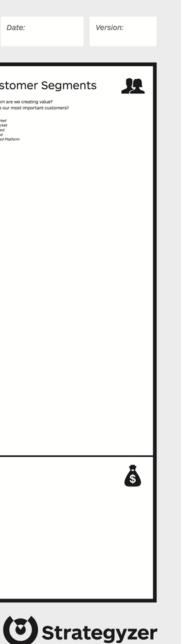
The Business M	odel Canvas	Designed for:		Designed by:		Date:
<section-header><section-header><text><text><text><text></text></text></text></text></section-header></section-header>	<section-header><section-header><section-header><section-header><section-header><section-header><text><text><text><text></text></text></text></text></section-header></section-header></section-header></section-header></section-header></section-header>	Value Proposition	her? are we are we	<section-header><section-header><section-header><text><text><text><text><text><text><text><text><text><text><text><text></text></text></text></text></text></text></text></text></text></text></text></text></section-header></section-header></section-header>	For w Who	ustomer Se whom are we oreating value? are our most important cust where w
Cost Structure What are the most important costs inherent in our business model? White We Becorecta ser most expensive? What are the most expensive? More Meanser costs and the series related and additional additionation, extensive costs and additional additional additionation extensive costs additional additional additional additionation extensive costs additional additional additional additionation extensive costs additional additionadditional additionadditionad additionadditional additionaddity a	euteourcing)	•	Revenue Streams     Werden ware on customere may willing to par, Ware they currently parjog?     Ware they currently parjog? <			



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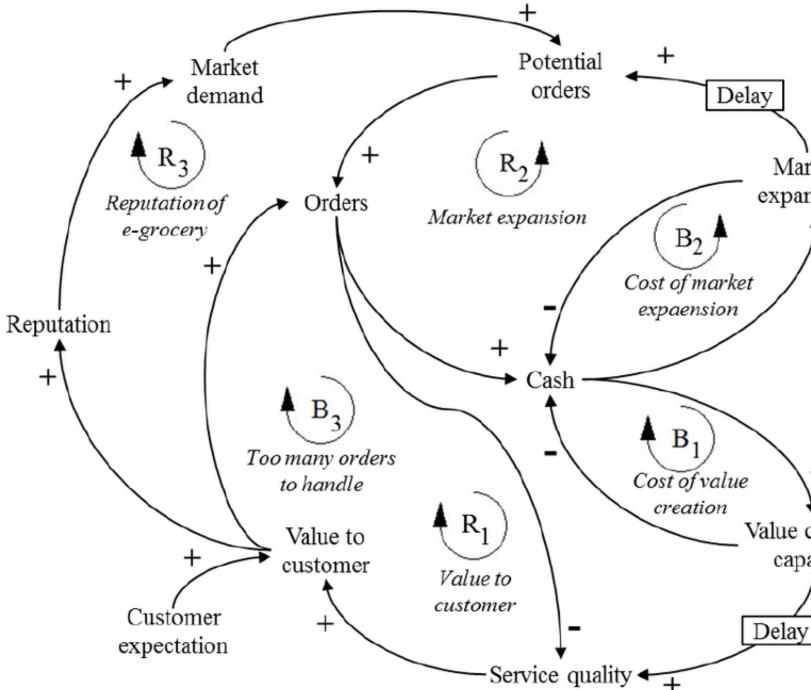






strategyzer.com

### **BUSINESS MODELING:** META-MODELS, ACTIVITY SYSTEMS...



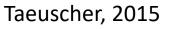






Market expansion

+ Value creation capacity





### **KEY TAKEAWAYS**

- Ongoing shift toward the logic of value sharing in business (models)
- Business model is a middle range concept
- Diverse definitions, converging into four elements
- Modeling a business requires selection of abstraction level





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### **PREPARING FOR THURSDAY**

- Same workshop run three times: 9-11, 12-14, 15-17. You have already selected a group. Please stick to that one :)
- We will run a set of tasks: instructions already in Mycourses so you will know what needs to be done
- Tasks are done in teams of 3-5 persons. We set the teams today! New teams each week.
- We will soon open breakout rooms in which you can discuss  $\bullet$ with your team shortly. Three things we need you to do for Thursday:
  - **Select** a case company 1.
  - **Analyze** the case company (generally, using webpages) 2.
  - 3. **Set** up a Miro account (unless you don't have one already)





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# **MORE INFORMATION**

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