

## Thesis Working Paper #2

# Strongly Sustainability Business Model Canvas – Summary Comparison to Business Model Canvas

A Summary Comparison of the Additions and Changes made to the Business Model Canvas  
to Create the Strongly Sustainable Business Model Canvas

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## **Thesis Working Paper #2**

### **Strongly Sustainability Business Model Canvas – Summary Comparison to Business Model Canvas**

#### **Notes to this Draft**

In this draft items requiring further work are preceded by >>.

Currently the changes in the relationships between the boxes on the two canvases (which are not shown graphically on either canvas, but are important for the user of the canvas to understand) are not described.

#### **1. Introduction**

The Strongly Sustainable Business Model Canvas (SSBMC) was created by visually simplifying the Strongly Sustainable Business Model Ontology (SSBMO); the SSBMO is said to conceptually ‘power’ the SSBMC. This is same as the relationship between Alexander Osterwalder’s PhD Business Model Ontology (BMO) which is visually simplified and conceptually ‘powers’ his Business Model Canvas (BMC).

The SSBMO was created by adding and changing the PhD BMO; changes and additions were made based on criticism and review of the BMO in light of the literature of strong sustainability; this process is fully documented in chapter 7 of my thesis. A summary of these changes is included in a number of Prezi presentations made to various groups between August 2011 and May 2012

This document provides a summary comparison of BMC included in Osterwalder et. al.s popular book The Business Model Generation and my SSBMC.

This document was written to provide the speaking notes for the first public design oriented use of the SSBMC at the [Design with Dialogue Innovation Circle session on May 9 2012](#) which will generate ideas for the redesign of the business model of [Newcomer women’s Services Toronto](#).

#### **2. Audience**

This document is intended for people who are familiar with the BMC and want a summary of the differences between the BMC and SSBMC.

It is not intended to be a comprehensive guide to designing strongly sustainable business models nor to the SSBMC (or the Strongly Sustainable Business Model Ontology which powers the SSBMC). The methodology for strongly sustainable business model design will be one of the projects of the [forthcoming crowd-funded collaboration project](#). This project will also prepare a stand alone comprehensive description of the SSBMC.

### 3. What's NOT Been Changed

Nothing was deleted from the BMC – either at the level of boxes on the canvas or conceptually.

**Any business model design which can be described using the BMC can also be described using the SSBMC.**

The additional and changed items in SSBMC may be ignored. However, if the business model designer wishes to do so, the SSBMC *also* allow strongly sustainable business models to be described – business models that are either difficult or impossible to describe with the BMC.

### 4. Additions

When comparing the BMC and the SSBMC there are three types of additions:

- The Context for the organization whose business model is being described
- The boundary of the organization whose business model is being described
- Nine additional boxes to the 9 included on the BMC (Together these 18 may be boiled down into the “14 questions” shown on the Overview of the SSBMC)

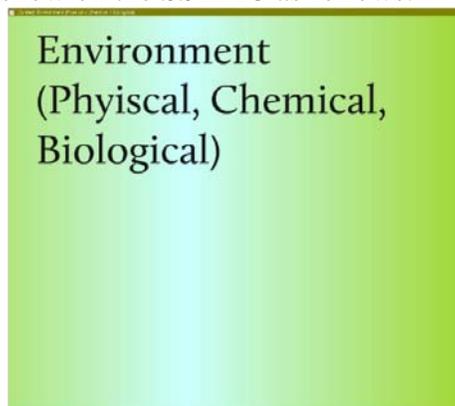
These additions are described below

#### 4.1 The Context for an Organization

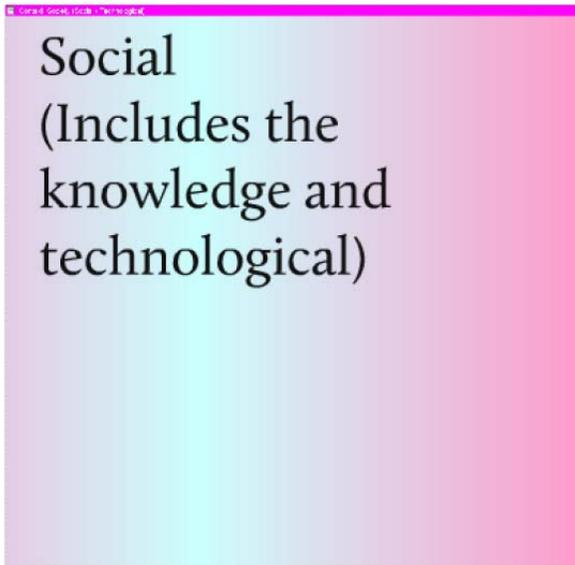
In order to have the possibility of designing a strongly sustainable business model it is important for the designer to understand how all the elements within their business model design related to the context for their organization.

The context for all human organizations consists of the three nested systems (a holon of systems):

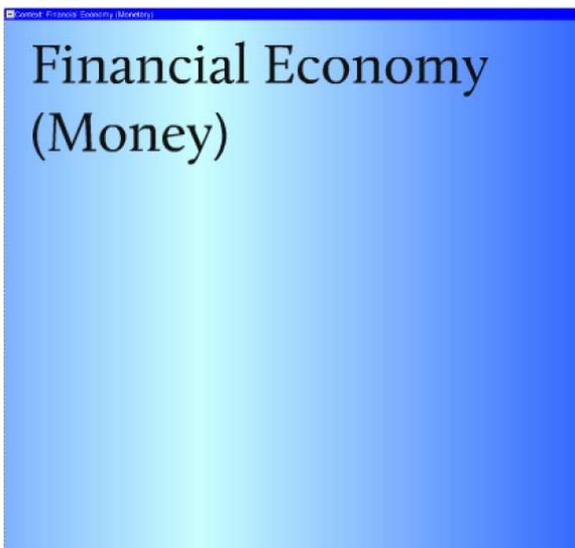
1. ***The environment*** (physical, chemical, biological) containing all human and non-human life and all aspects of planet earth (from inner core via troposphere to exosphere). This is show on the SSBMC as follows:



2. **Human society**, including all human created norms, rules, knowledge and technological achievements. This is shown on the SSBMC as follows:

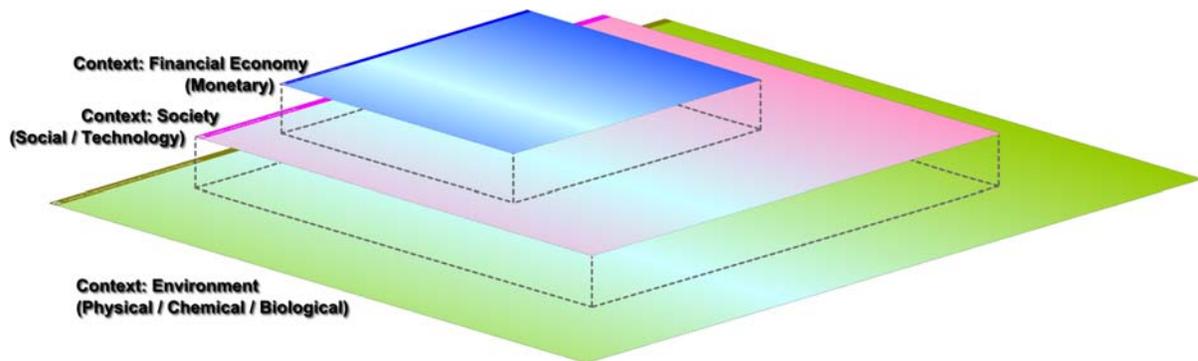


3. The financial economy, including all monetary transactions. This is shown the SSBMC as follows:

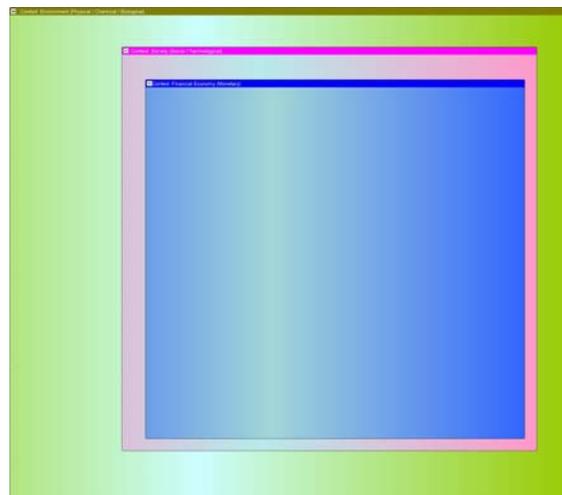


Conceptually these three systems are nested within one another; i.e. the financial economy is wholly contained within the social (and is totally dependent upon it), and in turn the social is wholly contained with the environment (and is totally dependent upon it).

Graphically this can be shown in 3 dimensions as follows:



On the SSBMC this is “flattened” two a two dimensional view as follows:



Any of the boxes on the SSBMC into which elements of the business model design are placed must related to these containing contexts for the organization.

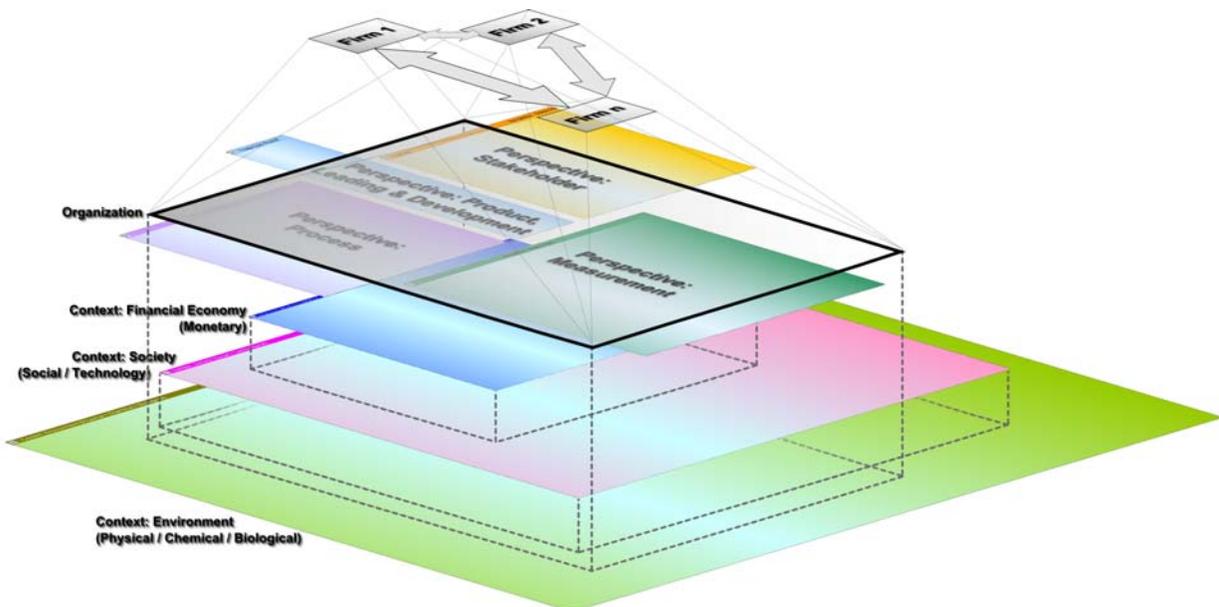
So a design element may be environmental only, with no social or monetary aspects – this would be placed on the green environment box. A design element may be social, which means it must by definition have some degree of reliance or connection with the environment. Or, finally, a design element may be financial, which means it must by definition have some degree of reliance or connection with both the social and the environment.

#### 4.2 The Boundary of the Organization

In order to have the possibility of designing a strongly sustainable business model it is important for the designer to understand where the edge of the organization they are designing is, what other organizations are involved in the business model, and how all the organizations related to the contexts: environmental social and financial.

On the SSBMC the boundary of all the organizations involved in a business model might be thought of as a box which is “above” the environmental, social and financial contexts. Some elements of all the organizations in a business model relate only to the environmental, some elements relate to the social (and hence the environmental), and some relate to the financial (and hence the social and environmental).

Graphically this can be shown in 3 dimensions as follows:



On the SSBMC this is “flattened” to a two dimensional view with the organization box overlapping the three nested context boxes.

### 4.3 Additional Boxes Representing New Ideas

All the boxes on the SSBMC give the business model designer the opportunity to consider, both for their own business model, and the business model of organizations which are part of their cradle-to-cradle value system, a range of topics which the literature suggests are critical in order to design a strongly sustainable business model – environmentally, socially, and financially.

The boxes on the BMC are largely concerned only with topics related to financial sustainability.

The following eight boxes are added to the to the BMC to create the SSBMC.

1. **Actor.** Provides a space for the business model designer to consider all possible, current and future, humans, non-human animals, other life and any other biophysical elements on planet earth that might have some cause to become involved in the organization’s business model (directly, or via another related organization – supplier, partner, regulator, etc.)
2. **Need.** Provides a space for the business model designer to consider the needs of all the actors identified – for human think Maslow’s “Hierarchy of Needs” or Max-Neef’s

“Fundamental Human Needs”. It is important for a business model design to think about needs broadly, considering the needs the organization being designed will proactively meet, and the needs which an actor may have a harder time fulfilling as a consequence of the organization's business model (think about the business model of a mining company which will prevent first nations from meeting their need for subsistence from hunting by destroying hunting grounds).

3. **Decision.** Provides a space for a business model designer to consider questions of power and governance. Specifically, which stakeholders have what power to decide what this organization does (value propositions) and how it does it (processes), with whom (stakeholders).
4. **Bio-Physical Stock.** Provides a space for business model designers to consider from where do all physical materials required by a business model come from, and where do all the outputs from a business model eventually end up. This is to encourage true cradle to cradle thinking since no materials on this planet are ever created or destroyed – only transformed from one form into another. A strongly sustainable business model will consider all the inputs to and outputs from all the transformations (intentionally and unintended) required for the organization to deliver its value propositions.
5. **Eco-system Service** (e.g. plant and animal growth, flood water flow regulation, maintenance of air quality and climate, etc.). Provides a space for business model designers to consider which outputs from which eco-system services are required for this business model. Also gives a space to consider whether any of the activities of the firm might cause harm to or improve the functioning of eco-system services (e.g. certain farming practices contribute to soil health, many manufacturing processes create toxins which end up in water sources harming the growth of plants and animals in those water sources)
6. **Process Measure.** Provides a space for business model designers to consider which measures of the performance of their processes might contribute towards their definition of success for their organization. Measures of quality, quantity (raw materials, CO<sub>2</sub> etc.) and timeliness are often included here.
7. **Valuation Method (Pricing).** Provides a space for business model designers to consider how process measures and value created by the organization's value propositions for stakeholders can be transformed into costs or revenues (in monetary, social or environmental units of measure).
8. **Asset.** Provides a space for business model designers to consider what elements from each of the five types of capital will be required, added to or depleted by the operation of the business model. The five types of capital are: natural, social, human, manufactured and financial.

## 5. Changes

There are two types of changes in the SSBMC when compared to the BMC

- Highlighting four perspectives which are important to include in any business model

- Changes to expand the definitions of three of the 9 boxes on the BMC

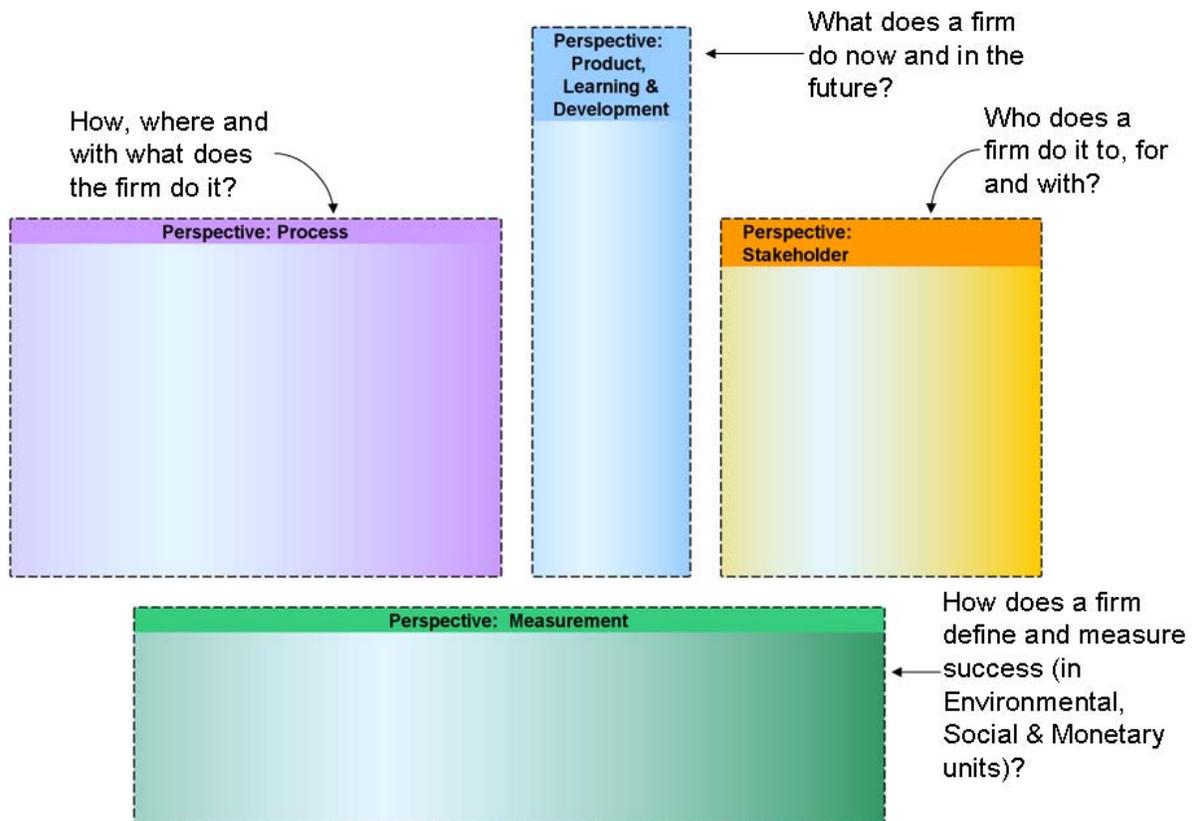
These changes are described below.

## 5.1 Four Perspectives

The four perspectives are derived from the Balanced Scorecard concept which describes the four perspectives which any organization must consistently consider in order to ensure that strategic objectives are fully defined and the execution of their achievement completely monitored (on the basis that what gets measured gets done).

The BMC implicitly includes these four perspectives, but doesn't draw attention to them. The SSBMC includes them explicitly with the idea that it is helpful for business model designers attention to be drawn to these topics during the design process.

The four perspectives are shown on the SSBMC as follows:



Specifically, the measurement box, which in the BMC only contains (financial) costs and (financial) revenues, in the SSBMC gives a place for the business model design to consider both how will their organization's success be defined, and how it will be measured.

Clearly in the BMC context the definition of success is assumed to be financial profitability at some level significantly greater than zero.

## 5.2 Expended Definitions

All the boxes on the SSBMC give the business model designer the opportunity to consider, both for their own business model, and the business model of organizations which are part of their cradle-to-cradle value system, a range of topics which the literature suggests are critical in order to design a strongly sustainable business model – environmentally, socially, and financially.

The boxes on the BMC are largely concerned only with topics related to financial sustainability and the legal entity who's business model is being design..

The following three boxes have additional meanings / definitions within the SSBMC compared to more limited definitions on the BMC:

1. ***Customer becomes Stakeholder.*** The BMC only explicitly considers one type of stakeholder: customers: the stakeholders whose money creates revenue for the firm. The SSBMC suggests that strongly sustainable business model designers need to think about all their organizations stakeholders. Each stakeholder is a role which one of the identified actors takes on – sometimes simultaneously, sometimes at different times. E.g. employees, managers, employees of other companies, customers, communities, families, other organizations (government, regulators, suppliers, wholesalers, retailers, NGOs etc.)
2. ***Value Proposition becomes Positive and Negative Value Propositions.*** The BMC only asks the business model design to think about the things the organization will do that will lead and contribute to customer stakeholders being willing to pay and hence create financial revenues for the organization.. The SSBMC broadens this idea in two ways: first any value that the organization creates should relate to one or more of the needs of the actors and their roles as stakeholders of the organizations involved in the business model. This value can be environmental, social and / or financial. Secondly, the SSBMC asks business model designers to consider any value which one or more stakeholders might view negatively – i.e. harming those stakeholders ability to meet one or more of their identified needs (any business model is unlikely to make everyone happy as a strongly sustainable business model designer you need to consider this and decide what is acceptable to your organization based on your definition of success and how you will measure it)
3. ***Profit becomes Tri-profit.*** Somewhat surprisingly this is only implicitly shown on the BMC, and is only financial in nature. Provides a space for business model designers to consider how their organization will calculate provide: financially, socially and environmentally.

In addition ***costs*** and ***revenues***, which on the BMC are thought of only in financial terms, in the SSBMC can be thought in using what ever units the organizations definition of success requires.