

SUSTAINABILITY-ORIENTED BUSINESS MODELS

Strategy and Business

INTRODUCTION

The current take-make-dispose model, which is the basis for most industries globally, uses great amounts of resources, meaning the safe operating space for humanity on Earth is exceeded. If humans do not operate within the correct parameters, the social foundations that human sustainable development rests of are jeopardized. While environmental sustainability has increased in importance, businesses are still struggling with integrating those values with social and financial benefits. This brings in the framework of the triple bottom line (also referred to as TBL or 3BL), that recommends companies to focus on all three aspects: profit, people and the planet.

The textile and fashion industry are highly globalised and have a significant footprint across their value chains. From the EU perspective, clothing, footwear and household textiles is the fourth worst ranked category for use of primary raw materials and water, and are identified as a priority product category within a circular economy. The integration of technology into fashion can decrease the negative impacts of the industry, however this may bring on even further challenges. This is due to issues such as different development times and costs, but also life spans of fashion and the electronics/technologies. A proposed solution is to implement sustainability-oriented business models, whether the TBL is in focus already from the start-up phase, or transition towards circularity is taken later on.

UNIT OUTLINE

The premise for this unit is for the students to gain an understanding of a range of business model concepts and the implications of deploying strategies, stakeholder involvement and triple bottom line to a sustainability-oriented business. Through lectures and seminars, the students will develop fundamental knowledge on different theories and tools, such as the building blocks and stakeholders of a sustainability-oriented business model through using the Business Model Canvas, and experimentation and innovation of business models by implementing the triple bottom line, and other strategies for added value and sustainable competitive advantage.

Working independently, the students should prepare for each seminar by identifying and critically analysing peer-reviewed scientific papers related to the topic of the respective seminar. The analysis will enable them to develop thinking around the concept of business models, and how experimentation and innovation with its building blocks and stakeholders can facilitate the transition towards sustainability. Further in-depth exploration and critical analysis of the mentioned theories and tools is done through independently written case study reports of a chosen fashion-tech business.

Through the use of lectures, seminars and case study analysis and reporting, the students are expected to acquire competences related to problem formulation and solving, communication (of

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information), teamwork, critical thinking, research ability and information literacy. The knowledge and skills acquired from this unit is aligned with and complementary to the topics presented in units Sustainability and Ethics and Entrepreneurship and Small Businesses. By offering the respective units collectively, entrepreneurial thinking will be promoted, optimising opportunities, products and markets emerging from the fashion-tech space through an understanding of new and emerging business models.

INDICATIVE CONTENT AND TEACHING AND LEARNING METHODS

In this unit, the students should be introduced to the following basics, approaches and tools for sustainability-oriented business models:

- Business models and strategy: definitions and integration
- Principles of the architecture of business models: vertical integration and assets, supply chain structure and management, value creation and capture
- Business model canvas and value adding activities: fundamentals of a business model, how, when and where is value added?
- Circular economy and triple bottom line: fundamentals of the concepts and integration to business models
- Business model innovation and experimentation for sustainability: ideating, clustering, experimenting, refining, piloting, rolling out

The contents should be delivered through lectures and seminars, with the blended learning approach facilitating the knowledge and resource sharing between the teacher(s) and the students. The learning through research approach should facilitate the students work with report writing for a case study.

Also see Tool 1 Lectures, Tool 7 Learning Through Research, and Tool 8 Blended Learning (available at <http://www.e4ft.eu>), together with the resource list below for further support.

LEARNING OUTCOMES

Upon successful completion of the unit, the students will be able to:

1. Demonstrate in-depth knowledge of a range of business model concepts and the implications of deploying strategies, stakeholder involvement and triple bottom line to a sustainability-oriented business;
2. Identify, critically analyse and innovate a business model for transitioning towards increased sustainability by developing strategies for sustainable competitive advantage

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3. Find, critically analyse and evaluate peer-reviewed research on business models and strategy, circularity and sustainability, and the triple bottom line, and present findings in required formats (i.e. visually, orally and in writing).

ASSESSMENT METHODS

The assessment for this unit involves oral and written interpretation of research findings:

1. Active participation in seminars, preceded by an individual task to identify and shortly critically analysing 2-3 peer-reviewed articles about the previously described concepts of business models and strategy, and the triple bottom line.
2. A written group report of 15-20 pages (can differ based on the length and weight of the unit in terms of ECTS), presenting a case study of a fashion-tech business model, that is critically analysed and innovated for transitioning towards increased sustainability, by utilising the business model canvas and business model experimentation approach.

READING AND RESOURCE LIST

Essential Reading and Resources

Wells, P. E. (Peter E.) (2013) Business models for sustainability. Cheltenham: Edward Elgar.

Osterwalder, Alexander et al. (2010) Business model generation: a handbook for visionaries, game changers, and challengers. Hoboken, New Jersey: Wiley.

Jørgensen, Sveinung. & Pedersen, Lars Jacob Tynes. (2018) RESTART Sustainable Business Model Innovation. [Online]. Cham: Springer International Publishing.

Further Reading and Resources

Bocken, N. et al., 2017. Business model experimentation for circularity: Driving sustainability in a large international clothing retailer. *Economics and Policy of Energy and the Environment*, 2017(1), pp. 85-122.

Bocken, N., Schuit, C. & Kraaijenhagen, C., 2018. Experimenting with a circular business model: Lessons from eight cases. *Environmental Innovation and Societal Transitions*, pp. 79-95.

Breuer, Henning et al. (2018) Sustainability-oriented business model development: principles, criteria and tools. *International Journal of Entrepreneurial Venturing*. [Online]. Vol. 10, No. 2, 2018.



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Buhl, Anke et al. (2019) Design thinking for sustainability: Why and how design thinking can foster sustainability-oriented innovation development. *Journal of Cleaner Production*. [Online] 2311248–1257.

Freudenreich, Birte et al. (2019) A Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability. *Journal of Business Ethics*. [Online] 1–16. [online]. Available at: <http://search.proquest.com/docview/2177443216/>.

Joyce, Alexandre & Paquin, Raymond L (2016) The triple layered business model canvas: A tool to design more sustainable business models. *Journal of Cleaner Production*. [Online] 1351474–1486.

Lüdeke-Freund, Florian et al. (2018) The sustainable business model pattern taxonomy—45 patterns to support sustainability-oriented business model innovation. *Sustainable Production and Consumption*. [Online] 15145–162.

Mintzberg, Henry. et al. (2005) *Strategy safari: a guided tour through the wilds of strategic management*. 2nd ed. New York: Free Press.

Schaltegger, Stefan et al. (2016) Business Models for Sustainability: Origins, Present Research, and Future Avenues. *Organization & Environment*. [Online] 29 (1), 3–10.

Wickham, Philip A. (2006) *Strategic entrepreneurship*. Fourth edition. Harlow, England: FT Prentice Hall.



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