

Sustainable Business Models applicable to Arts and Wellbeing sector

Introduction to Sustainable Business Models, CSV and the Sustainable Business Model Canvas



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Introduction

- ◆ Hi, I am Anastasia!
- ◆ Graduated in Economics & International Business & Master's Digital Marketing from UPF & UOC; Catalonia, Barcelona.
- Over 10 years of experience in the startup ecosystem, mainly in Managment roles.
- (Co-) Founder of a MKT Agency, a Sustainability Focused Business in the Fashion industry and a non-for-profit initiative on refugees' relief effort.
- Pursuing a degree of Doctor of Science at Aalto University, majoring in Entrepreneurship
- ◆ Entrepreneurship Mentor SR, Seeds of Bravery, UPFemale Mentoring
- ◆ A theatre enthusiast:)



Agenda of the Session

01

Welcome and Introduction

02

Sustainable Business Models

- What are they
- Examples

03

Some useful resources, if you are just starting out

04

Sustainable Development & SDGs & CSV

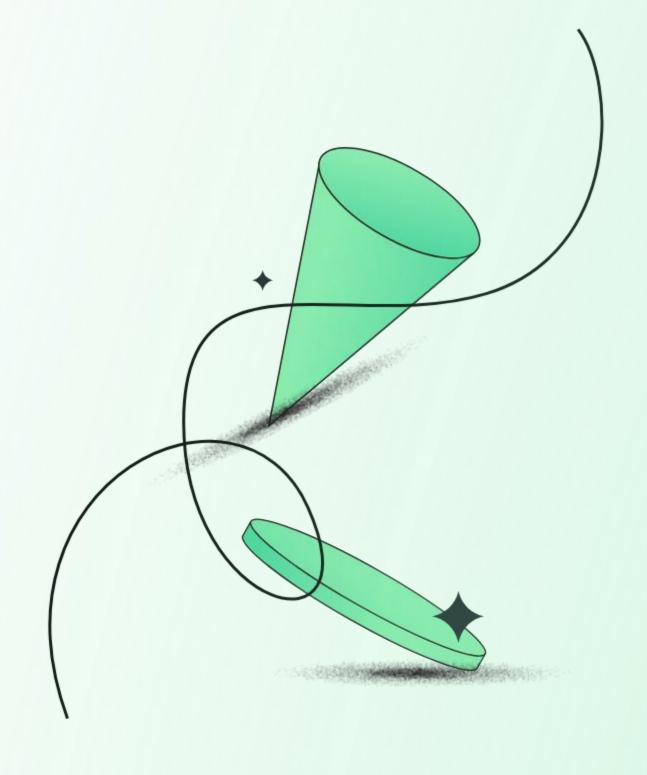
Break

05

Sustainable Business Model Canvas, as tool 06

Wrap up

Sustainable Business Models



What is a business model?

- Discussions around the concept gained popularity with the raise of e-business
- Business models are like blueprints for how organizations are structured and function. They give a big-picture understanding of how companies work and evolve. Essentially, a business model helps explain how a company creates value for its customers and captures value for itself.

[from Schneider & Clauss, 2020]



2 views on business models

Elements-Based Perspective

'Business models are configurations of distinct elements (Aversa et al., 2015).

Tools: Business Model Canvas (BMC) (Osterwalder & Pigneur, 2010), business model archetypes (Gassmann et al., 2013)'

Activity System Perspective

'Business models are systems of interrelated activities that drive value creation and competitive advantage (Zott & Amit, 2010).

Linked to corporate strategy through policy, asset, and governance choices (Casadesus-Masanell & Ricart, 2010).'



2 examples

Elements-Based Perspective

Company Example: Mindful Muse Studio

Tool: Business Model Canvas (BMC)

Mindful Muse Studio offers therapeutic art and wellness programs. Its business model can be broken into these elements:

Value Proposition: Delivering creative and therapeutic art workshops for mental well-being.

Customer Segments: Individuals seeking stress relief, corporate clients for team-building, wellness enthusiasts.

Revenue Streams: Fees from workshop bookings, subscription plans for online art classes.

Channels: Physical studio locations, online workshops via Zoom, social media for promotions.

Key Partners: Art therapists, wellness coaches, corporate clients, local community centers.

This model views Mindful Muse Studio a configuration of distinct building blocks that can be optimized and innovated independently.

Activities-Based Perspective

Company Example: Wellness Symphony Collective

Wellness Symphony Collective integrates arts and wellness through music therapy and mindfulness events.

Its business model focuses on the coordination of activities:

Therapist Management: Recruiting, training, and coordinating music and mindfulness therapists.

Event Organization: Planning and hosting immersive events combining live music and guided meditations.

Technology Integration: Offering apps for virtual music therapy sessions and event bookings.

Community Engagement: Building partnerships with local wellness organizations and hosting community outreach programs.

From an activity system perspective, Wellness Symphony Collective's business model thrives on the interconnection and smooth orchestration of these activities to deliver unique, high-impact experiences.

What is sustainability?

Sustainability ensures the long-term viability of communities, social institutions, and societal practices by balancing present environmental and economic actions without compromising future generations' opportunities for similar levels of wealth and well-being.

Origins

Gained prominence through the **modern environmental movement**, which highlighted the unsustainable nature of resource use, growth, and consumption patterns that threaten ecosystems and future generations.

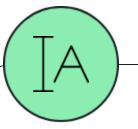
Key Concept

Sustainability advocates for **intergenerational ethics**, **promoting long-term thinking** over short-term, wasteful behavior, and challenging existing institutions and practices to encourage sustainable development and transform the status quo.



Sustainable Business Models (SBMs)





Definition

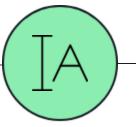
"a model where sustainability concepts shape the driving force of the firm and its decision making..."

A model that is "transformed [...] by social and environmental priorities." (p. 103)

[Stubbs & Cocklin, 2008]

Sustainable Business Models (SBMs)



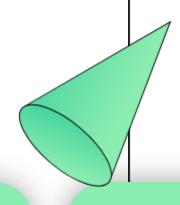


Definition

Sustainable business models are those that "incorporate sustainability as an integral part of the company's value proposition and value creation logic. As such, [Business models for Sustainability] provide value to the customer and to the natural environment and/or society." (p. 75)

[Abdelkafi and Tauscher, 2016]

[A few key example] Features of Sustainable Business Models











Triple Bottom Line

Focuses on three key areas: People, Planet, and Profit, emphasizing the importance of social, environmental, and economic sustainability.

Ethical Sourcing

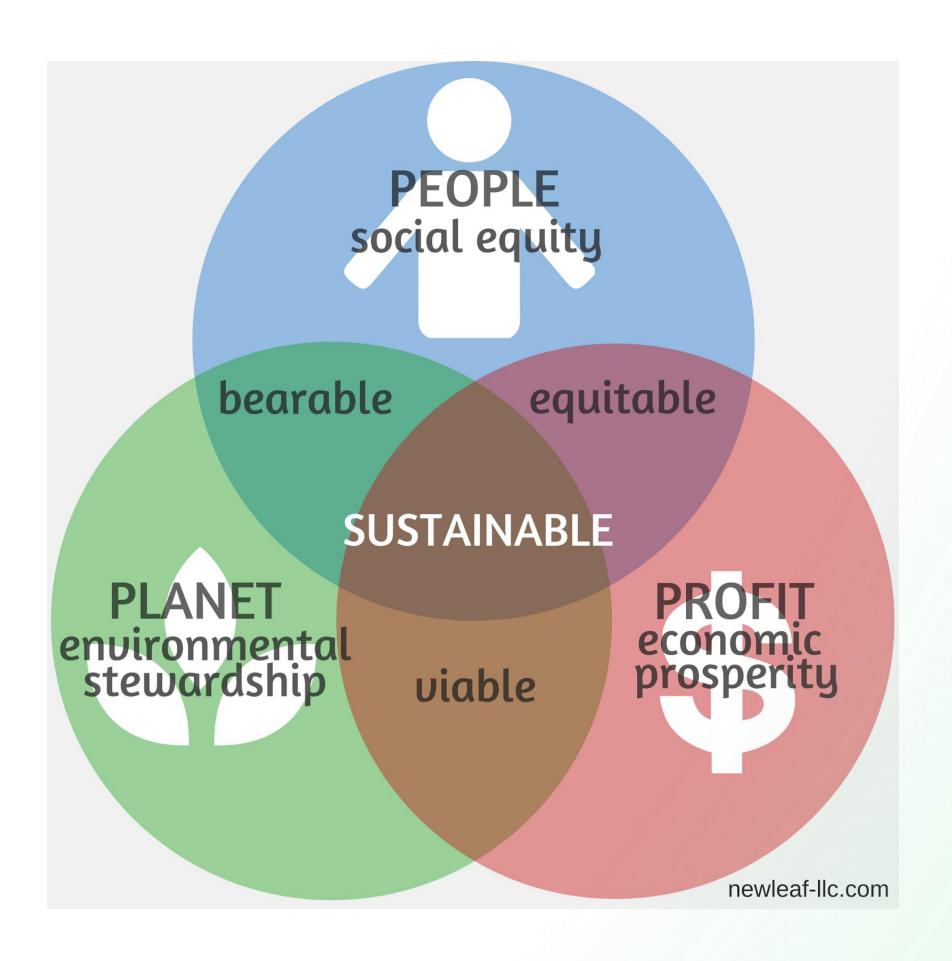
Involves obtaining products or materials in a responsible and sustainable manner, ensuring fair labor practices and environmental stewardship.

Waste Reduction

Strategies aimed at minimizing waste production through efficient processes and recycling, contributing to a more sustainable operation.

Eco-friendly Production

Utilizes sustainable practices and materials in manufacturing processes to reduce environmental impact and enhance product sustainability.



Triple Bottom Line

People + Planet (Social & Environmental):

Art for climate action and community wellbeing.

• **Example:** Eco-art workshops or performances in natural settings.

Planet + Profit (Environmental & Economic):

Sustainable art and wellbeing ventures.

• **Example:** Selling eco-friendly art or hosting zero-waste wellness retreats.

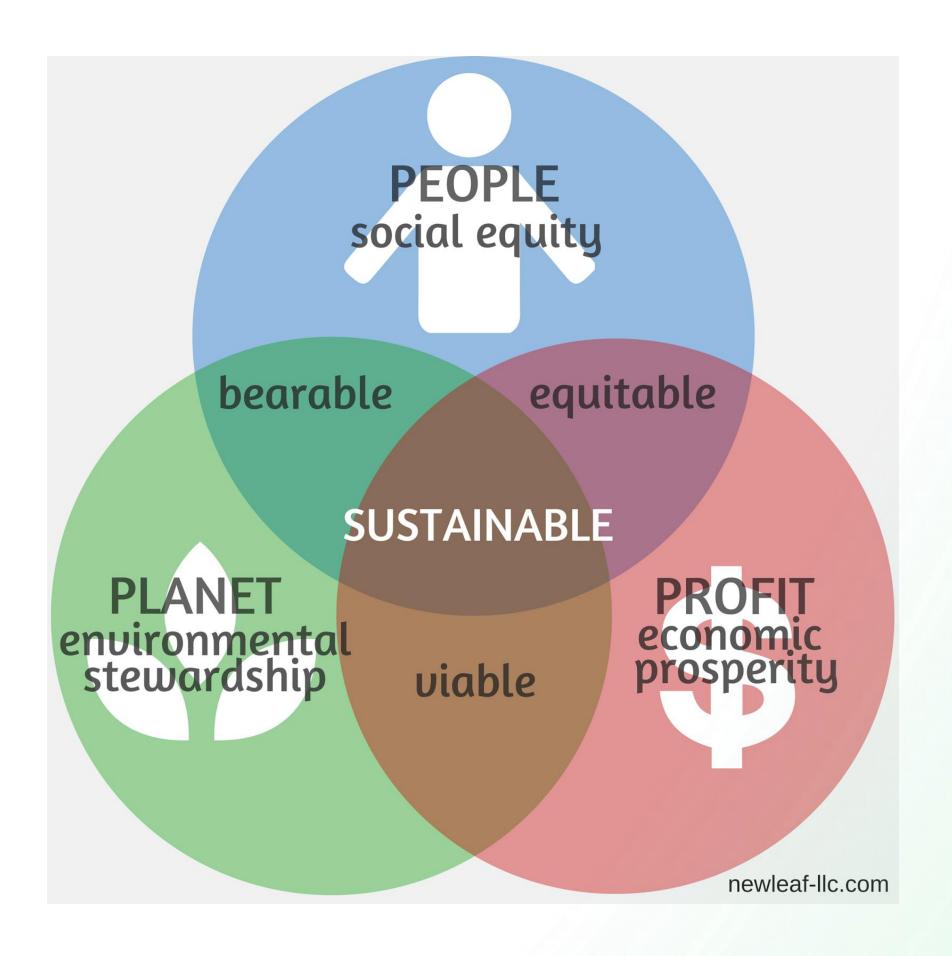
Profit + People (Economic & Social):

Empowering communities through creative businesses.

• Example: Art therapy startups or local art job creation.

Center of TBL (Sustainability):

Holistic impact through arts and wellbeing.



Triple Bottom Line

• Equitable (People + Profit):

Balancing fairness and economic growth. Profits should benefit communities and ensure inclusivity. **Example:** Paying fair wages, creating accessible wellness programs, or supporting diverse creators.

• Bearable (People + Planet):

Ensuring social wellbeing without harming the environment. Activities must respect and protect nature.

Example: Organizing eco-conscious art workshops or wellness retreats in harmony with nature.

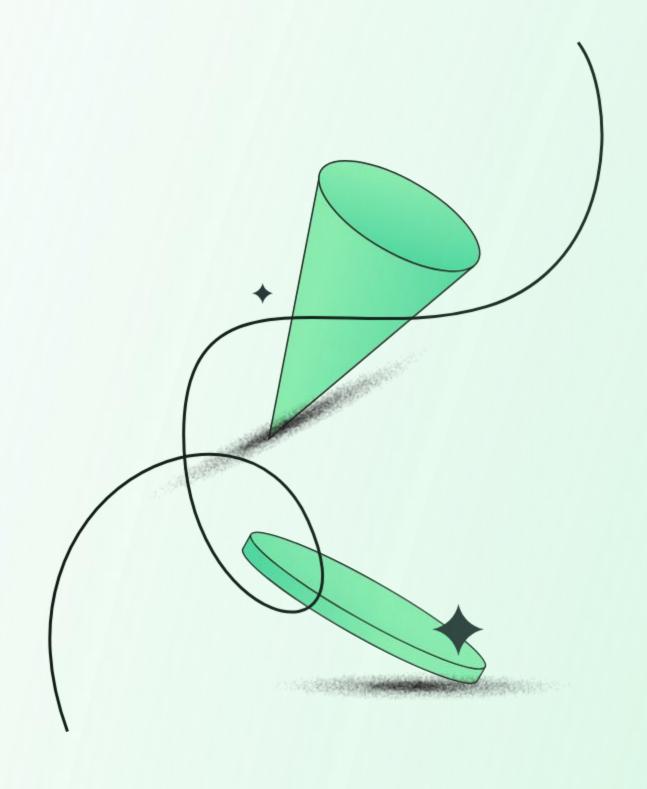
• Viable (Planet + Profit):

Creating businesses that are both financially successful and environmentally responsible.

Example: Selling sustainable art products or running green wellness spaces powered by renewable energy.

Fair Pricing

"Fair pricing can be defined as a **pricing strategy that is based on principles**of equity, honesty, and integrity. It involves setting prices that are
reasonable and justifiable, taking into account factors such as production
costs, market demand, and value delivered to customers."



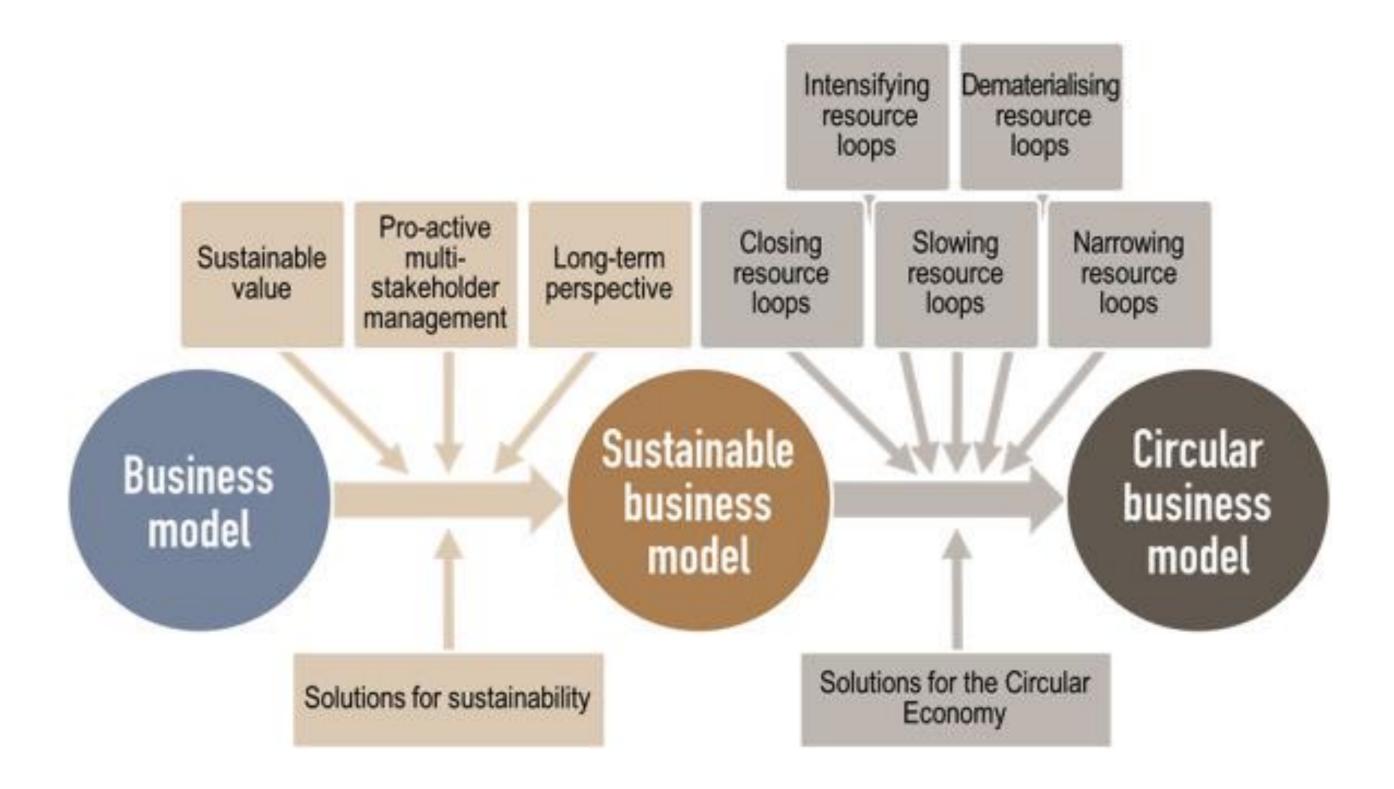
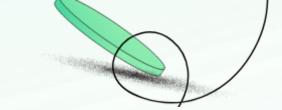


Fig. 3. Sustainable and circular business models (Geissdoerfer et al., 2018a) https://www.sciencedirect.com/science/article/pii/S0959652618318961#bib60



Sustainable Business Model [Arche]types

Nancy Bocken, Samuel Short, Padmakshi Rana, Steve Evans, (2013) "A value mapping tool for sustainable business modelling"

Sustainable Business Model Archetypes

1. Maximise material and energy efficiency

(Do more with less resources, generating less waste, emissions and pollution)

2. Create value from 'waste'

(Turn waste streams, emissions, and discarded products into feed stocks for other products and processes, and make best use of under-utilised capacity)

3. Deliver functionality, rather than ownership

(Provide services that satisfy users' needs without having to own physical products)

4. Encourage sufficiency

(Solutions that actively seek to reduce consumption and production)

5. Adopt a stewardship role

(Proactively engaging with all stakeholders to ensure their long-term health and well-being)

6. Re-purpose the business for society/environment

(Focusing the business on delivering social and environmental benefits, rather than economic profit maximisation)

7. Integrate business in the community

(Integrating business back into local communities through employee ownership and collaborative approaches to business)

8. Develop scale-up solutions

(Delivering sustainable solutions at a large scale to maximise benefits for society and the environment)

9. Radical innovation

(Introduce system change through introduction of radical new technologies to facilitate a greener economy)

Table 3. Sustainable business model archetypes. Adapted from Short et al. (2012)

Example of a SBM company

Value proposition

Patagonia prioritizes eco-friendly products made from sustainable materials (e.g., recycled polyester, organic cotton), promoting environmental protection.

Supply chain

Uses ethical sourcing and fair labor practices, ensuring reduced environmental impact and social responsibility.

Key Activities

Actively reduces waste through its Worn Wear program, encouraging customers to repair and reuse products instead of buying new ones

Patagonia integrates sustainability into every aspect of its business, ensuring long-term environmental and social benefits while maintaining profitability.

patagonia®

Patagonia is a renowned American company that designs and sells outdoor clothing and gear. It has become widely recognized for its strong commitment to environmental sustainability and social responsibility.





Challenges and Trends in Sustainable Business Models

Balancing Impact & Profitability

The challenge of aligning profitability with social and environmental objectives. "Finding a way to generate profit while trying to make an impact." (Res.); "Financial sustainability, considering the context and community."

Stakeholder Needs and Expectations

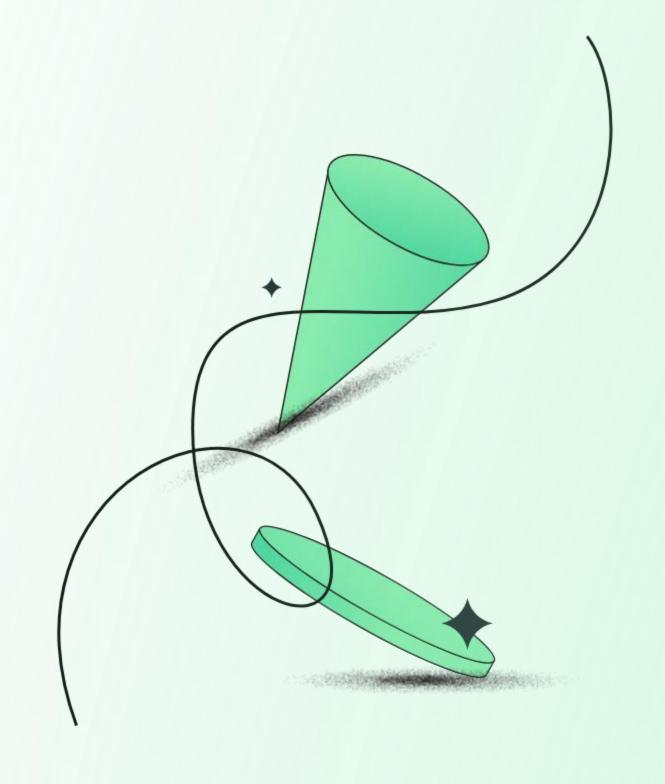
Stakeholders involved in Business operations directly and indirectly. E.g., clients, government.

Transformative Trends

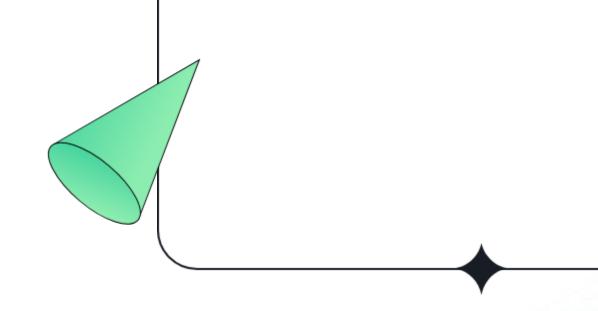
New business models are emerging that integrate sustainability into core decision-making processes (Stubbs & Cocklin, 2008). More and more businesses, measure sustainability and provide sustainability reporting to their stakeholders.



UN Sustainable Development Goals [as guidance]



Sustainable Development



Core concept

Sustainable development aims to **balance social, economic, and environmental needs** for present and future generations, while preserving the natural environment.

- Key Goals and Values
- A global perspective that considers the needs of future generations.
- Recognition of biodiversity's importance and environmental protection.
- Respect for Indigenous cultures.
- Promotion of economic and social equity worldwide.
- Responsible governance with transparent policies.
- Historical Foundations

1972 Stockholm Conference: Set the groundwork for sustainable development.

1987 Brundtland Report: Defined sustainable development as

"meeting the needs of the present without compromising future generations."

Source: Encyclopedia Britannica, UN

♦ What are the UN Sustainable Development Goals (SDGs)?

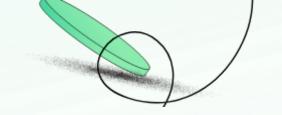




Global Challenges Addressed

The SDGs target significant issues such as poverty, inequality, climate change, environmental degradation, and justice.

Overview of the SDGs



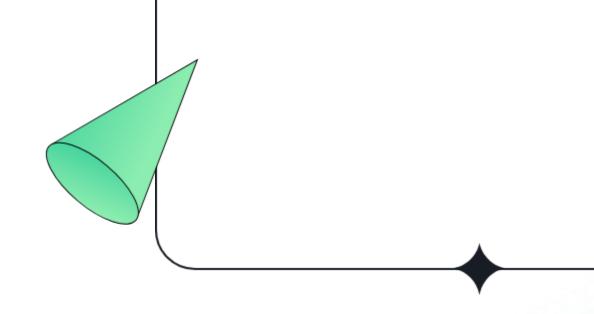


UN SDGs

https://sdgs.un.org/goals

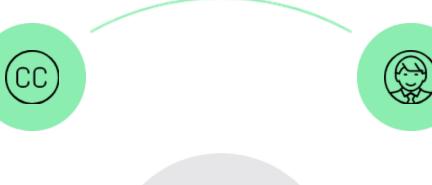
Benefits of Integrating SDGs

Key: positive social and environmental impact!



Drives Innovation

The pursuit of SDGs encourages entrepreneurs to innovate and develop new solutions.



Help you better communicate about your venture

Integrating SDGs helps entrepreneurs build a positive image and strengthen their brand.



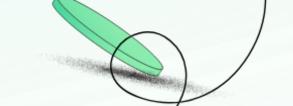
Ensures Regulatory Compliance

Aligning with SDGs aids in meeting legal and regulatory requirements effectively.



Attracts Funding and Grants

Entrepreneurs focusing on SDGs are more likely to attract investors, governmental funding looking for sustainable opportunities.



Example of UN SDGs integration: Patagonia



Aligning business activities and goals with SDG priorities

Patagonia's activism includes **protecting public lands, combating climate change, and supporting sustainable agriculture.**

E.g., Patagonia donates 1% of sales to environmental organizations through their **1% for** the Planet program & Develops a Worn Wear program.

Goal 12 (Responsible Consumption &

Production): The Worn Wear program reduces waste by promoting repair and reuse of products.

Goal 13 (Climate Action): Patagonia donates 1% of sales to environmental projects through 1% for the Planet, supporting climate initiatives.



Adopting SDG-targeted innovations

Since 2021, Patagonia "has kept over **1,400 tons of plastic waste** out of the world's oceans by turning discarded fishing nets into gear" or "**100% of the virgin cotton** in [their] clothes is **grown using organic practices**".

SDG 12 (Responsible Consumption & Production):

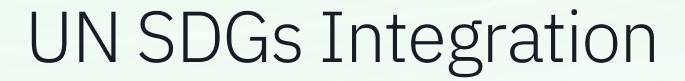
Recycling plastic waste and using organic cotton promotes sustainable production and reduces environmental harm.

SDG 14 (Life Below Water): Preventing 1,400 tons of plastic waste from entering oceans helps protect marine ecosystems.

SDG 15 (Life on Land): Using organic farming supports sustainable land use and protects biodiversity.

Example of integrating SDGs

Source: https://sustaincase.com/patagonias-sustainability-commitment-creating-shared-value-for-the-environment-and-society/; Patagonia.com

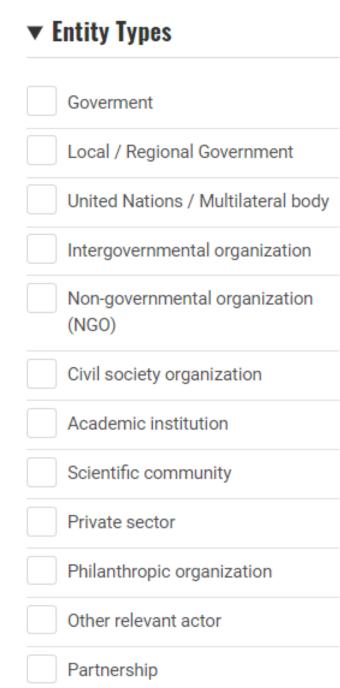




The SDG Actions Platform is a global registry of voluntary policies, commitments, multi-stakeholder partnerships and other initiatives made by governments, the UN system and a broad range of stakeholders to support acceleration of the UN Sustainable Development Goals (SDGs).

Governments and other actors are encouraged to register their policies, initiatives or commitments that accelerate the implementation of one or multiple SDGs on the platform by filling out a form that seeks detailed information about each policy/initiative, including details of implementation, beneficiaries, budget and resources, timeline and evaluation.



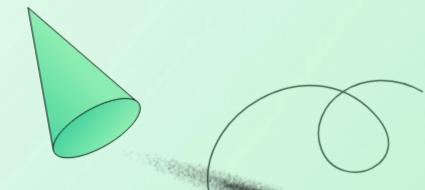


https://sdgs.un.org/partnerships/

What is Creation of Shared Value?

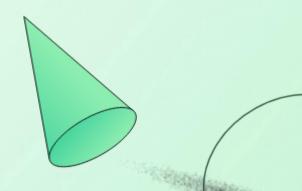
Definition (shared in class previously)

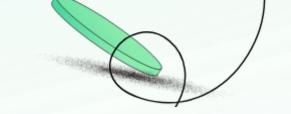
"Shared value creation focuses on creating economic value in a way that also creates value for society by addressing its needs and challenges." (Porter and Kramer, 2011)



Essentially, "shared value can be defined as...

- policies and operating practices that
- enhance the competitiveness of a company/[ENT pursuit]
- while simultaneously advancing the economic and social conditions in the communities in which it operates" (Porter & Kramer, 2011; HBR; page 6).





- * Redesign products & services to address social needs [Reconceiving Products and Markets]
 - E.g. Focus on developing products and services that address societal needs, such as affordable wellbeing and eco-friendly alternatives.
- Productivity and efficiency innovations [Redefining Productivity in the Value Chain]
 - E.g. Enhance operational efficiency through energy-saving practices and ensure ethical labor conditions.
- * Stronger link between company success & community success [Enabling Local Cluster Development]
 - E.g. Encourage inclusive growth by actively engaging and investing in local communities to foster sustainable development.

Three ways to create shared value



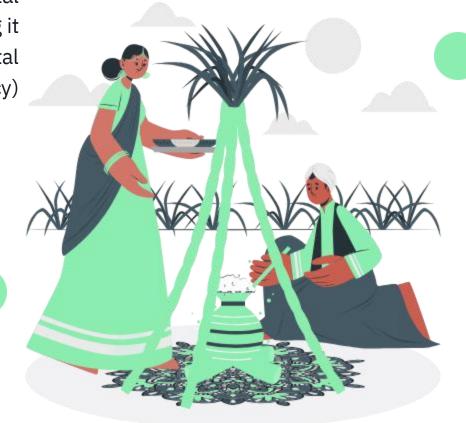
Case: Patagonia (recap)

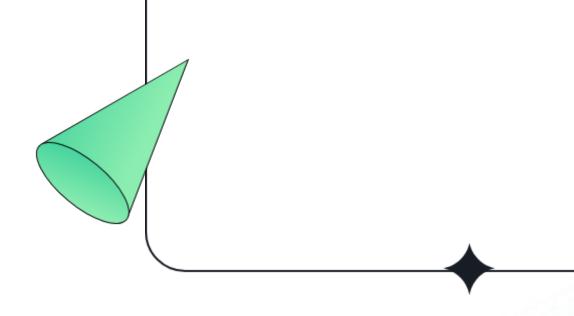
Patagonia

Patagonia is a renowned American company that designs and sells outdoor clothing and gear. It has become widely recognized for its strong commitment to environmental sustainability and social responsibility. Patagonia's mission is centered around creating high-quality products while minimizing environmental harm. The company also has a *BCorps certification* (meaning it meets rigorous standards of social and environmental performance, accountability, and transparency)

Sustainability focus Patagonia's Business Model

Patagonia integrates sustainability across its supply chain by using environmentally friendly materials (e.g., organic cotton, recycled polyester), implementing responsible production practices, and minimizing waste. Their dedication to reducing environmental impact has set an industry standard for eco-conscious operations.

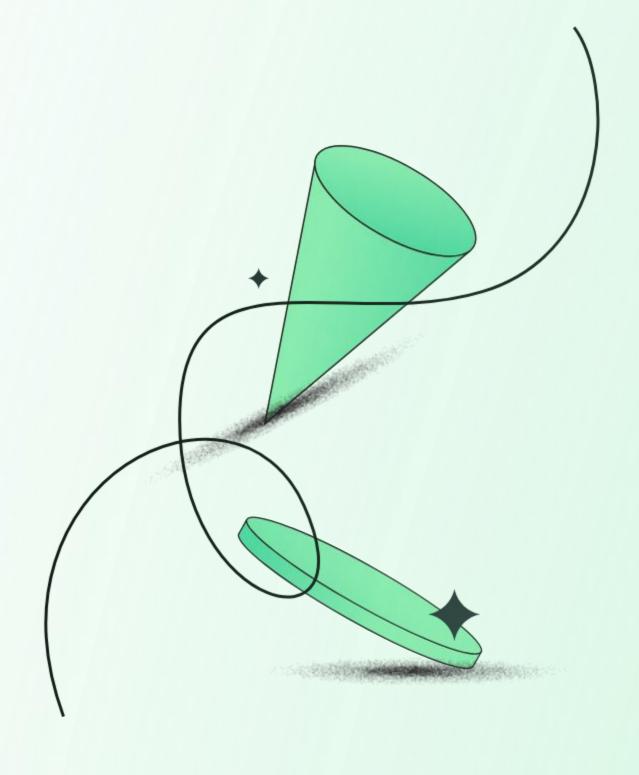




Alignment with SDGs

Patagonia's activism includes protecting public lands, combating climate change, and supporting sustainable agriculture (Patagonia donates 1% of sales to environmental organizations through their 1% for the Planet program), contributing to the UN Sustainable Development Goals (SDGs), particularly:Goal 12: Responsible Consumption and ProductionGoal 13: Climate ActionGoal 15: Life on Land

Let's talk about pricing...



Pricing

Competitive Pricing

- Set prices based on competitors' rates.
- Adjust your pricing to be higher, lower, or similar to competitors based on service value.

Value-Based Pricing

- Price based on perceived customer value, not cost.
- Ideal for premium or unique services where value is clear to customers.

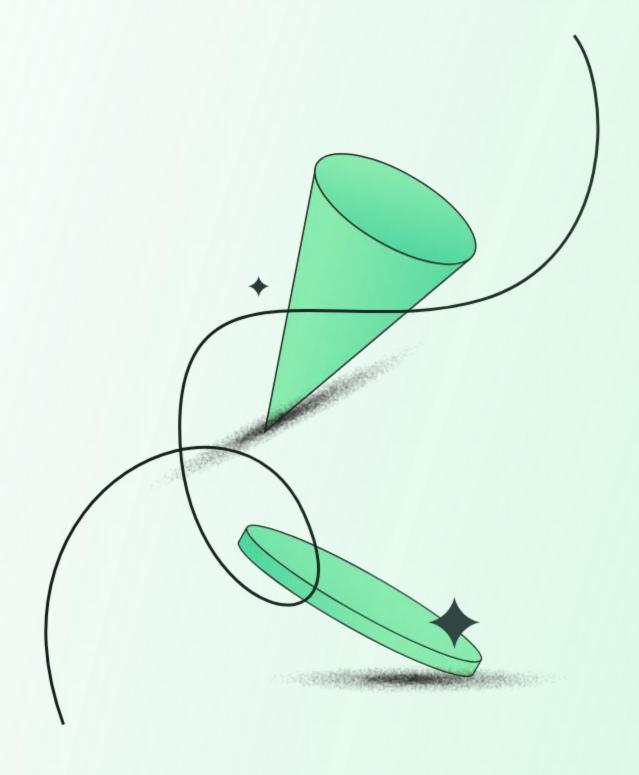
Bundle Pricing

- Package multiple services at a lower combined price.
- Increases total revenue and enhances customer satisfaction.

Good, Better, Best Pricing

- Offer tiered service packages at different price points.
- Gives customers choice and encourages upselling to higher-tier options.

https://www.nav.com/blog/pricing-strategies-for-service-based-businesses-3852935/



Pricing

Hourly Pricing

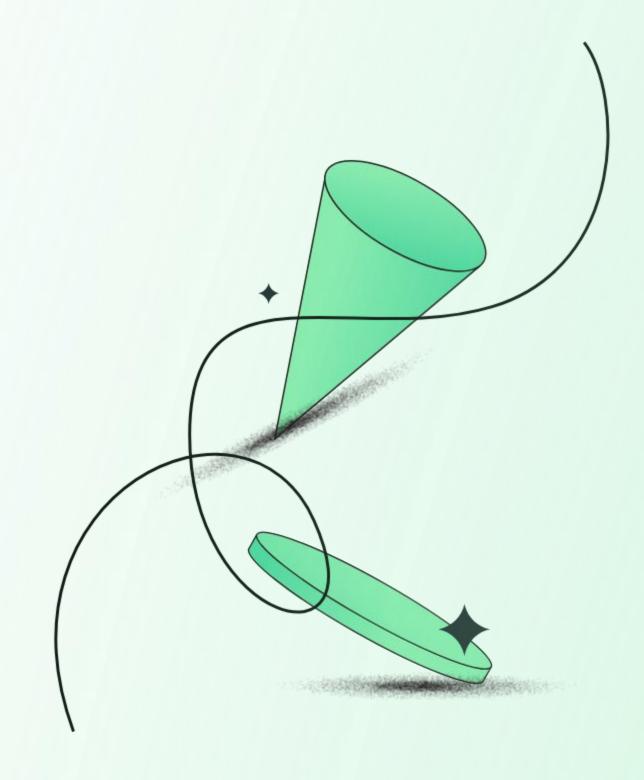
- Charge for services based on time spent.
- Common in legal, freelance, and consulting industries.

Project-Based Pricing

- Set a fixed price for the completion of a project.
- Ideal for projects with clear scope and deliverables.

Retainer-Based Pricing

- Charge a recurring fee for ongoing services or availability.
- Ensures consistent cash flow and long-term client relationships.



Pricing

Premium Pricing

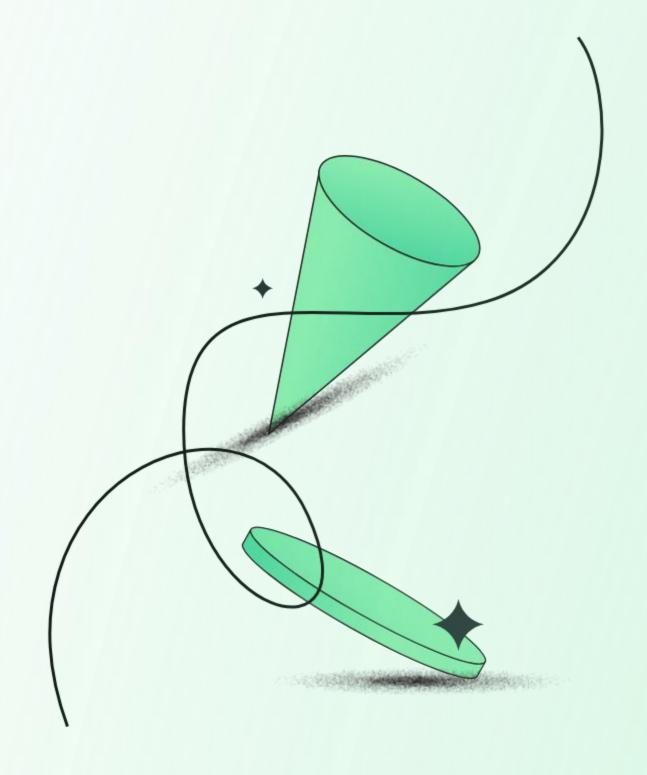
- Charge higher prices to reflect luxury, quality, or exclusivity.
- Works well for high-end or status-driven services.

Penetration Pricing

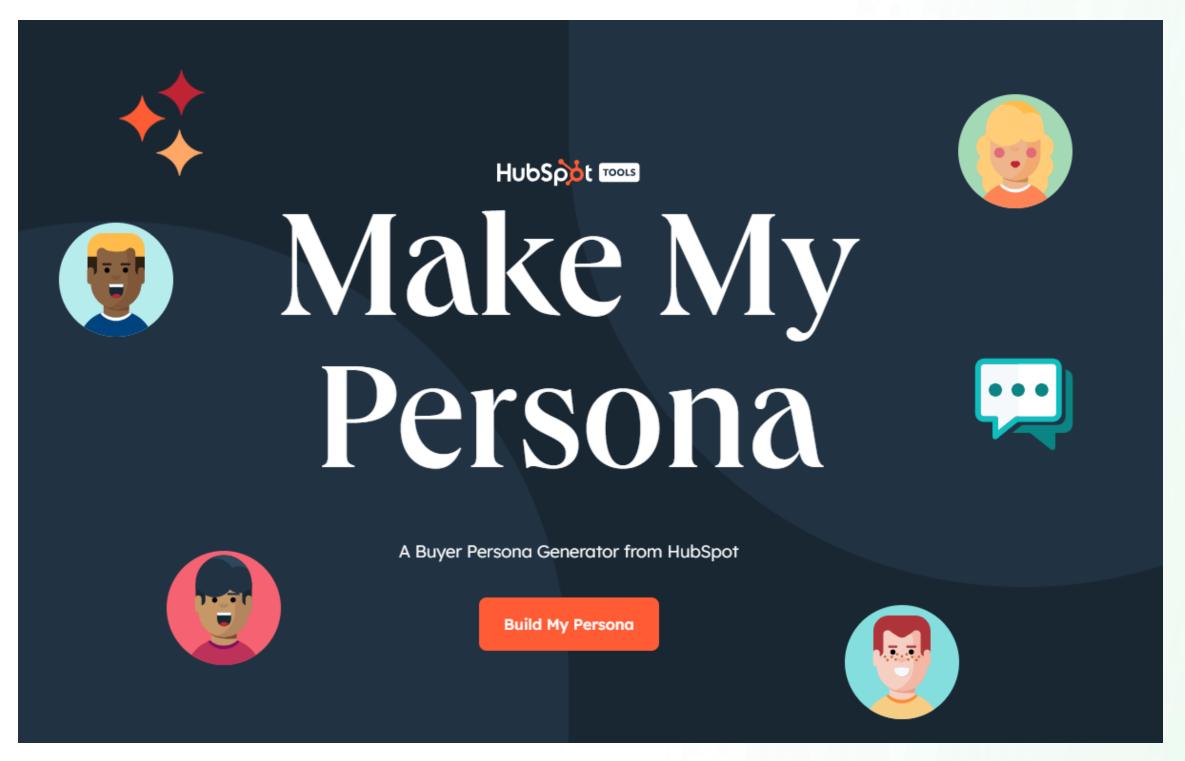
- Set an introductory low price to attract new customers.
- Gradually raise prices once a customer base is established.

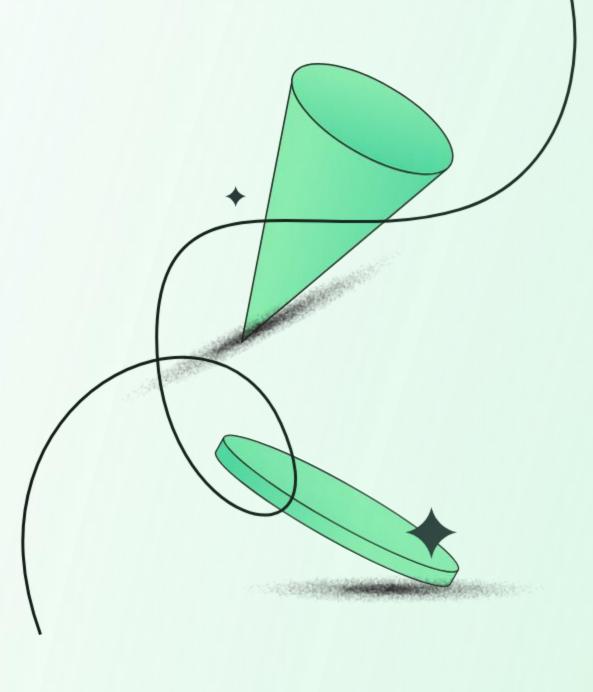
Cost-Plus Pricing

- Add a profit margin to the total cost of providing the service.
- Ensures every service sold is profitable.

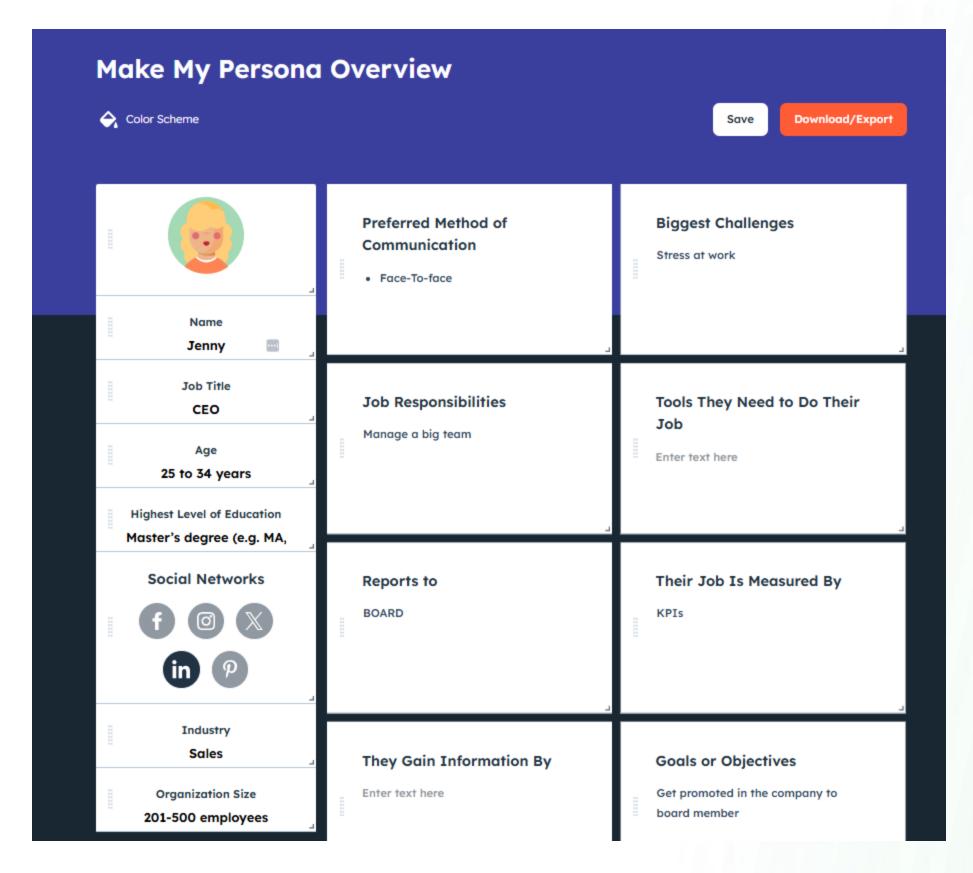


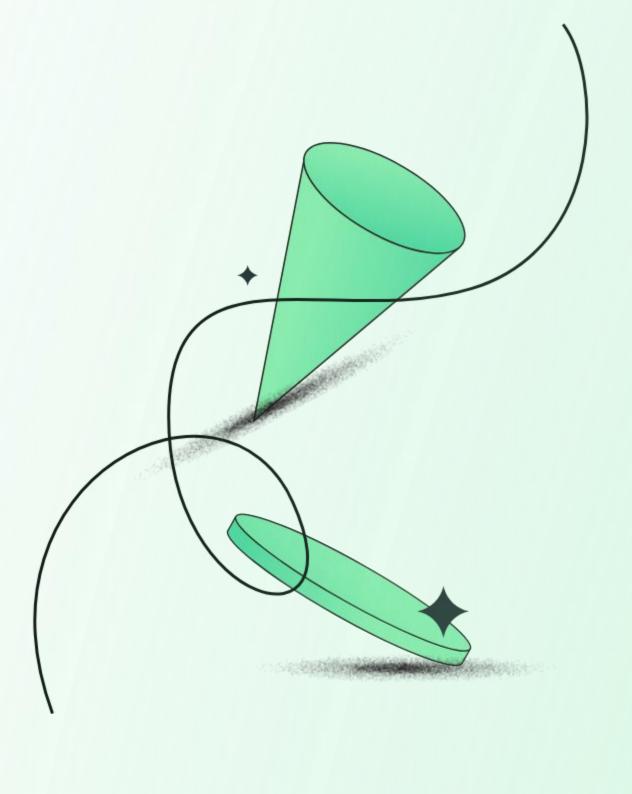
Buyer Persona – a useful tool to reflect about your key customers





Buyer Persona https://www.hubspot.com/make-my-persona

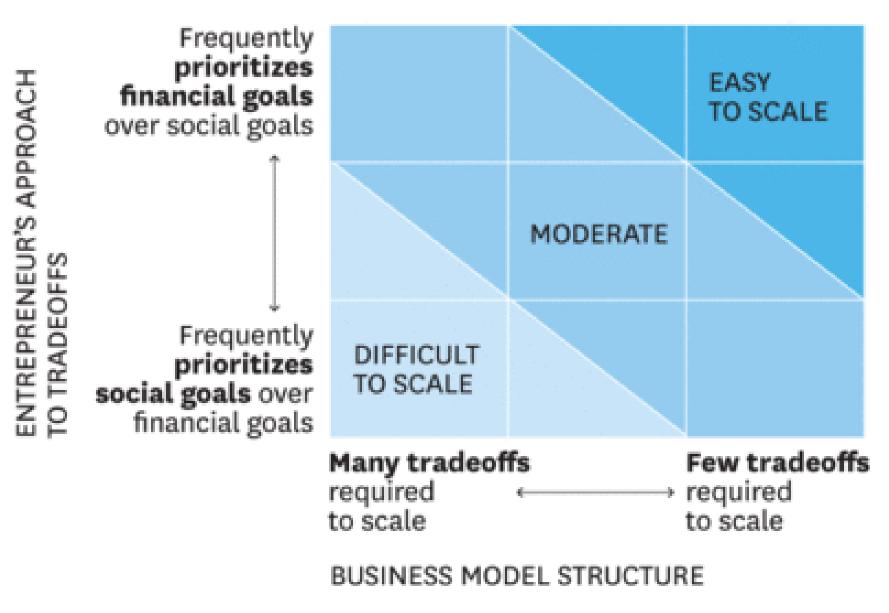


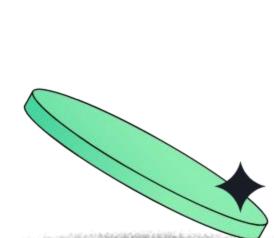


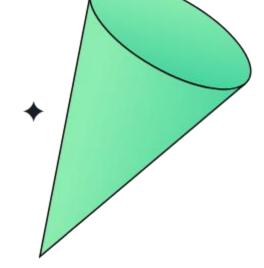
Scalability

EASE OF SCALING MATRIX

Use this tool to adjust your business model or your approach to tradeoffs.







SOURCE ENDEAVOR GLOBAL—WWW.ENDEAVOR.ORG

HBR.ORG

Growth Strategies



https://blog.hubspot.com/sales/growth-strategy

Marketing tools and other resources







45 Sustainability
Resources You Need to
Know



45 Sustainability
Resources You
Need to Know





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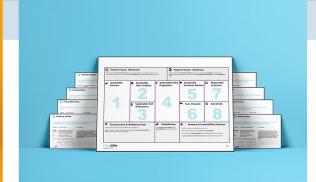
Topics

Tools and Games for Sustainable Product and Business Model Design

We give you the <u>tools</u> to design more impactful and innovative business models and products, enabling you to help achieve the UN Sustainable Development Goals. Our tools are free and help you grow and de-risk your business.







The Impact Canvas

This tool allows you to systematically identify the critical positive and negative externalities of your business or product.

LEARN MORE

The Sustainable Business Model Canvas

This tool helps you to create innovative business models and maximize their triple bottom line impact.

LEARN MORE

The Sustainable Business Innovation Game

Get the Sustainable Business Model Innovation Game complete with 38 sustainable business model examples

ACCESS GAME

ALL TOOLS

Like any tool should be adapted to our needs (e.g we are providing a service or building a product). It is ok for elements to be adjusted.

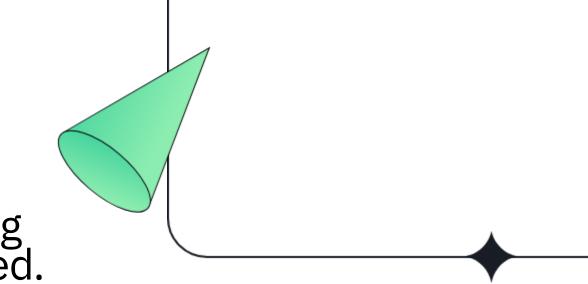


- •Which problem do we want to solve?
- •Whose problem do we want to solve?

The elements may be grouped as follows:

- •Value Proposition Customer Relationships Channels Customer Segments
- •Key Partners Key Activities Key Resources
- •Cost Structure Revenue Streams
- •Eco-Social Costs Eco-Social Benefits
- •NOTE: grab a pen and paper & or open a digital document to work on the Canvas

https://www.case-ka.eu/index.html%3Fp=2174.html



Unpacking each area of the model

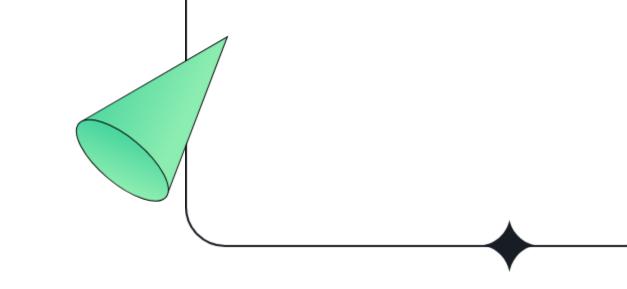
Customer Segments



For whom are we creating value? Who are our most important customers?

POSSIBILITIES:

Mass Market Niche Market Segmented Diversified Multi-sided Platform



Unpacking each area of the model

Value Propositions



What value do we deliver to the customer?

Which one of our customer's problems are we helping to solve?

What bundles of products and services are we offering to each Customer Segment?

Which customer needs are we satisfying?

CHARACTERISTICS:

Newness

Performance

Customization

"Getting the Job Done"

Design

Brand/Status

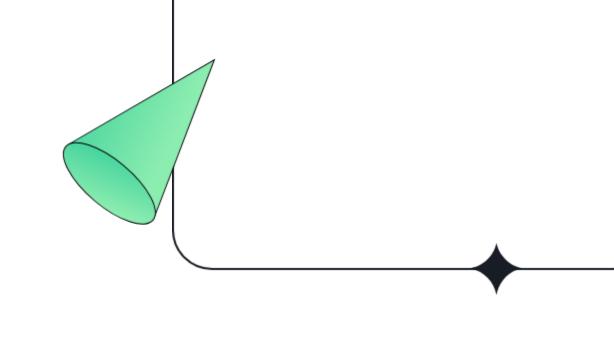
Price

Cost Reduction

Risk Reduction

Accessibility

Convenience/Usability



Unpacking each area of the model

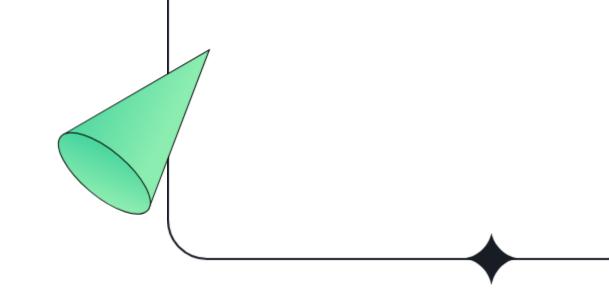
Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?

EXAMPLES:

Personal Assistance
Dedicated Personal Assistance
Self Service
Automated Services
Communities
Co-Creation



Unpacking each area of the model

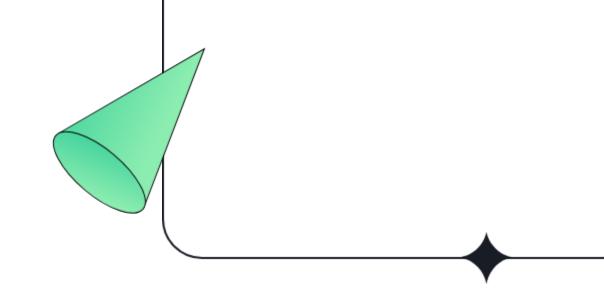
Key Activites



What Key Activites do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?

CATEGORIES:

Production Problem Solving Platform/Network



Unpacking each area of the model

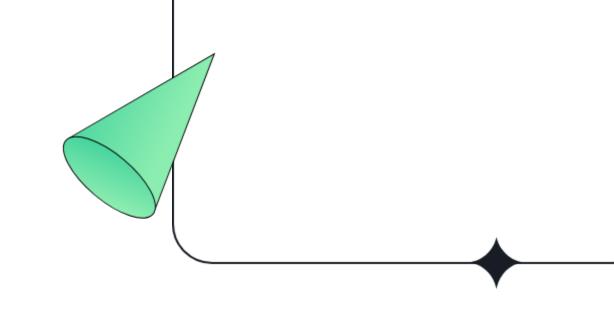
Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATION FOR PARTNERSHIPS:

Optimization and economy Reduction of risk and uncertainty Asquisition of particular resources and activities



Unpacking each area of the model

Channels



Through which Channels do our Customer Segemnts want to be reached?

How are we reaching them now?

How are our Channels integrated?

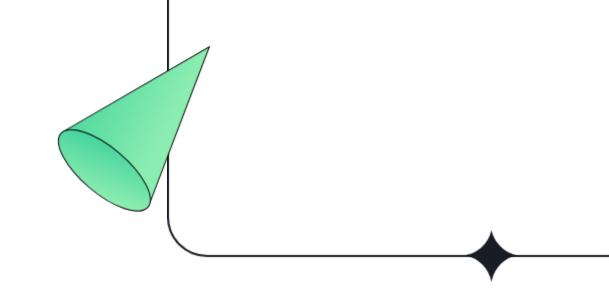
Which ones work best?

Which ones are most cost-efficient?

How are we integrating them with customer routines?

CHANNEL PHASES:

- 1. Awareness
- 2. Evaluation
- 3. Purchase
- 4. Delivery
- 5. After Sales (post-purchase customer support)
- ... of products & servides and Value Proposition



Unpacking each area of the model

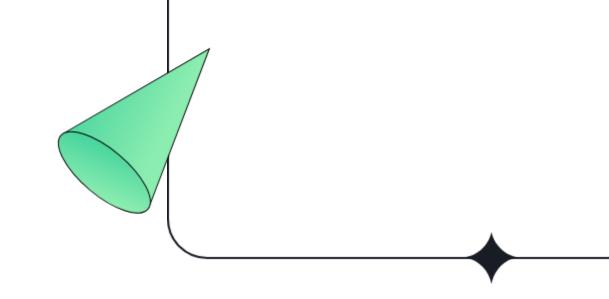
Key Resources



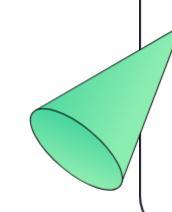
What Key Resources do our Value Propositions require?
Our Distributions Channels?
Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES:

Physical Intellectual (brand patents, copyrights, data) Human Financial



Unpacking each area of the model



Cost Structure

What are the most important costs inherent in our business model? Which Key Resources are the most expensive? Which Key Activities are most expensive?

IS YOUR BUSINESS MORE:

Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focussed on value creation, premium value proposition)



SAMPLE CHARACTERISTICS:

Fixed Costs (salaries, rents, utilities) Variable Costs Economies of Scale Economies of Scope

Eco-Social Costs

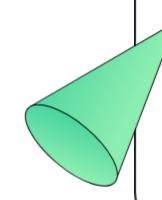
What ecological or social costs is our business model causing? Which Key Resources are non-renewable? Which Key Activities use a lot of resources?

EVALUATION INSTRUMENTS:

Life-Cycle Assessment (of products and services) Common Good Balance Sheet



Unpacking each area of the model



Revenue Streams

For what value are our customers really willing to pay?

For what do they currently pay?

How would they prefer to pay?

How much does each Revenue Stream contribute to overall revenues?

TYPES:

Asset Sale Subscription Fees Usage Fee Lending/Renting/Leasing Brokerage Fees

Licensing

FIXED PRICING:

List Price

Product feature dependent Customer segment dependent Volume dependent

DYNAMIC PRICING

Negotiation (bargaining) Yield management Real-time Market

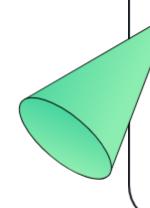
Eco-Social Benefits

What ecological or social benefits is our business model generating? Who are the beneficiaries? Are they potential customers? Can we transform the benefits into a Value Proposition? If yes, for whom?

INSTRUMENTS:

Social Reporting Standard Common Good Balance Sheet

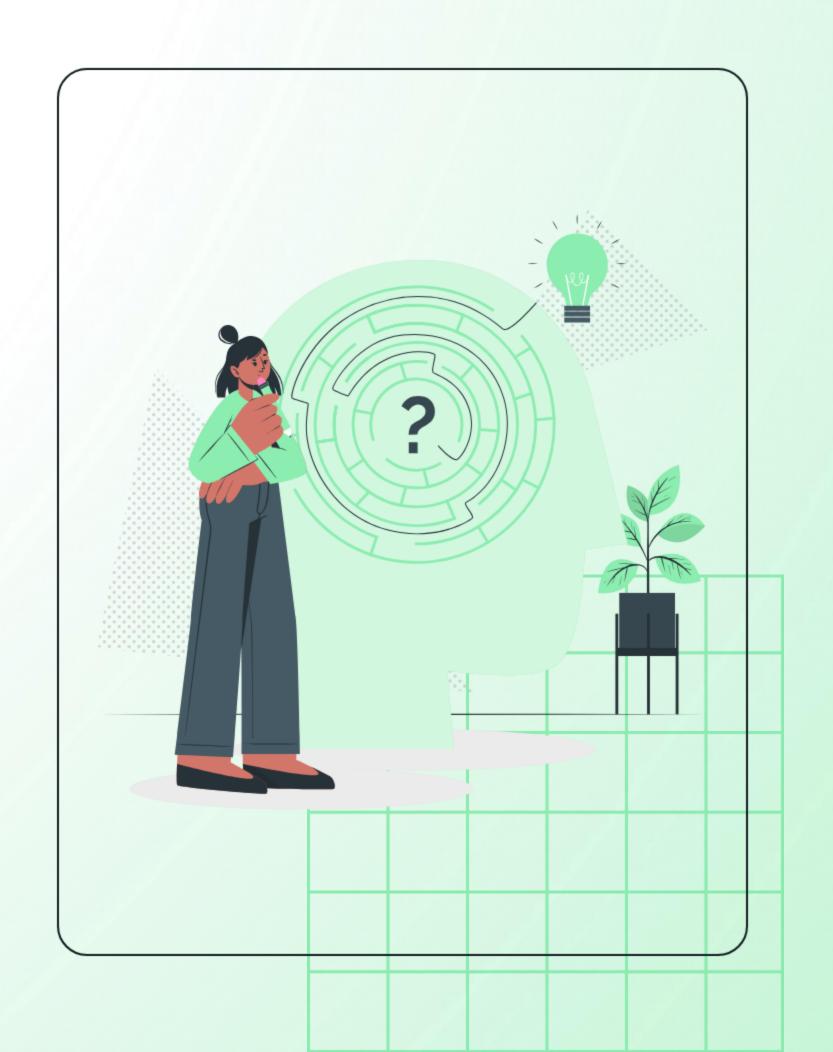




Time to work on the SBMC

Let's follow this structure:

- Value Proposition Customer Relationships Channels – Customer Segments
- Key Partners Key Activities Key Resources
- Cost Structure Revenue Streams
- HW: Eco-Social Costs Eco-Social Benefits







Any questions?

If you have any questions about the workshop, contact me below: anastasia.koptsyukh@aalto.fi

*You can also reach out to book my mentoring, consulting or training services



References

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 Other references included in notes/throughout the slides.