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Normative Innovation for Sustainable Business Models in Value Networks



» Introduction ///

How to address wicked problems such as unsustainable energy systems?

- **Business Model Innovation (BMI)** may not just be used to start up, renew or consolidate business, but to address seemingly insoluble “wicked problems” – if we go beyond “ecocentric” models and reflect upon normative orientations.
- **Wicked problems** are poorly formulated, confusing, and involve many different actors with conflicting values, asking for collaborative approaches and adaptation by interconnected partners (Waddock, 2013).
- The **sustainable turnaround in the energy industry** is such a problem, currently missing economic solutions, structured stakeholder dialogue and suitable innovation formats.
- Energy utility business models are missing cross-industry innovation based on different actors’ strengths like regional presence, customer access, and infrastructure competencies (Engelke and Graebig, 2013).

» Research Question & Approach ///

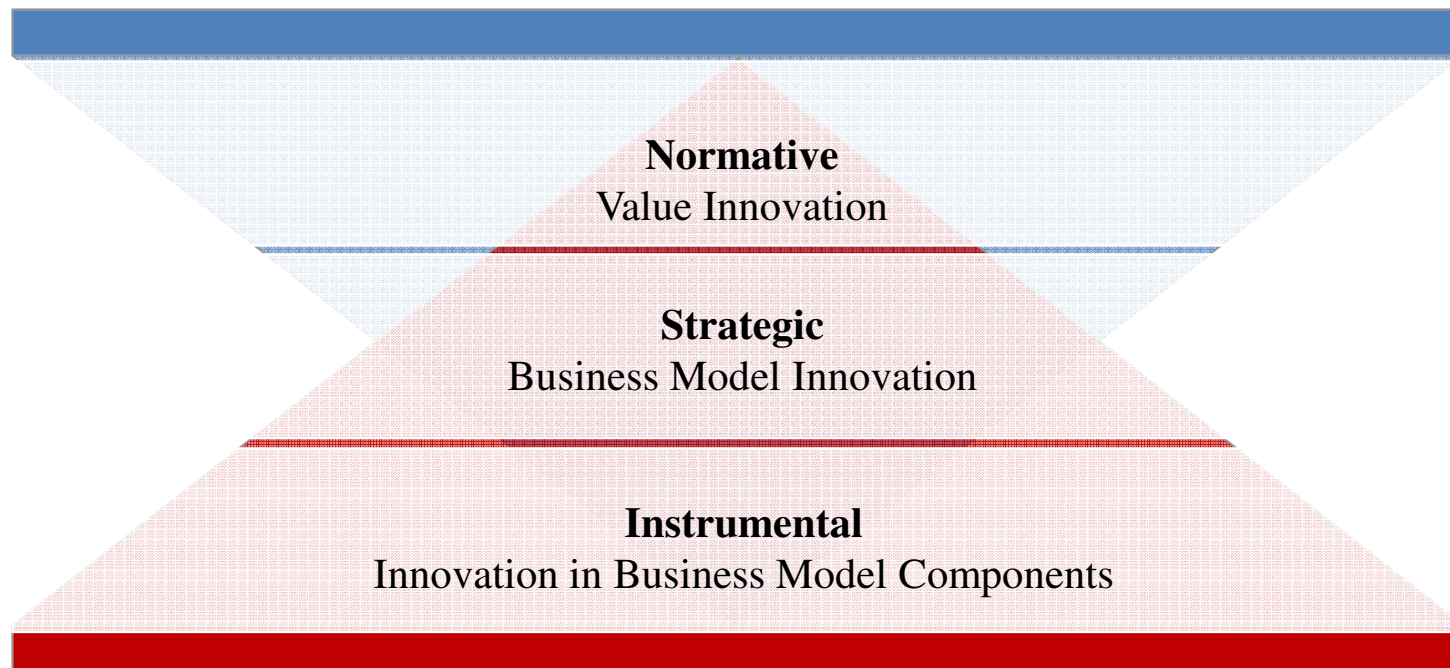
... value networks and inherent norms leading to our research question.

How to drive business model innovation in (and how to develop) networks where value emerges from the distributed activities of different actors, instead of being centred on a focal actor and value proposition?

Overview of our approach:

- Research Questions & Approach
- Theoretical Foundation & Framework
- The Challenge
- Tools and Methods
- Lessons Learned

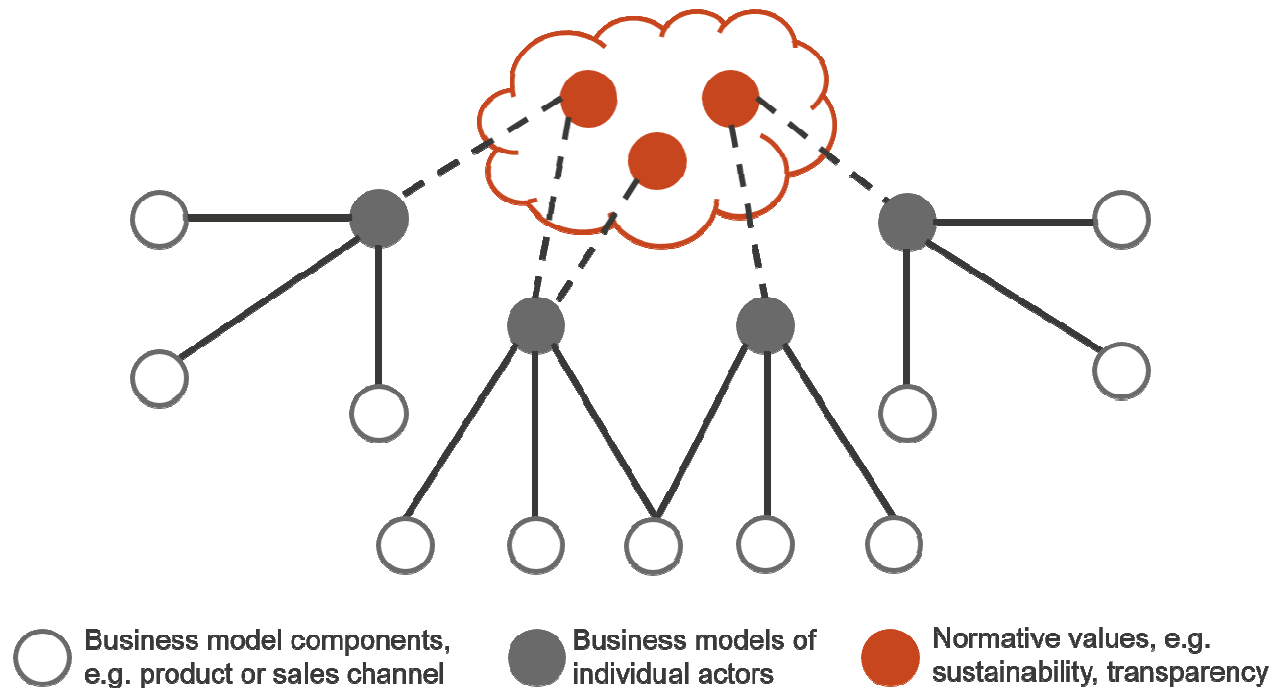
- » Theoretical Foundation: Innovation Management Framework ///
- We differentiate between three levels of innovation.*



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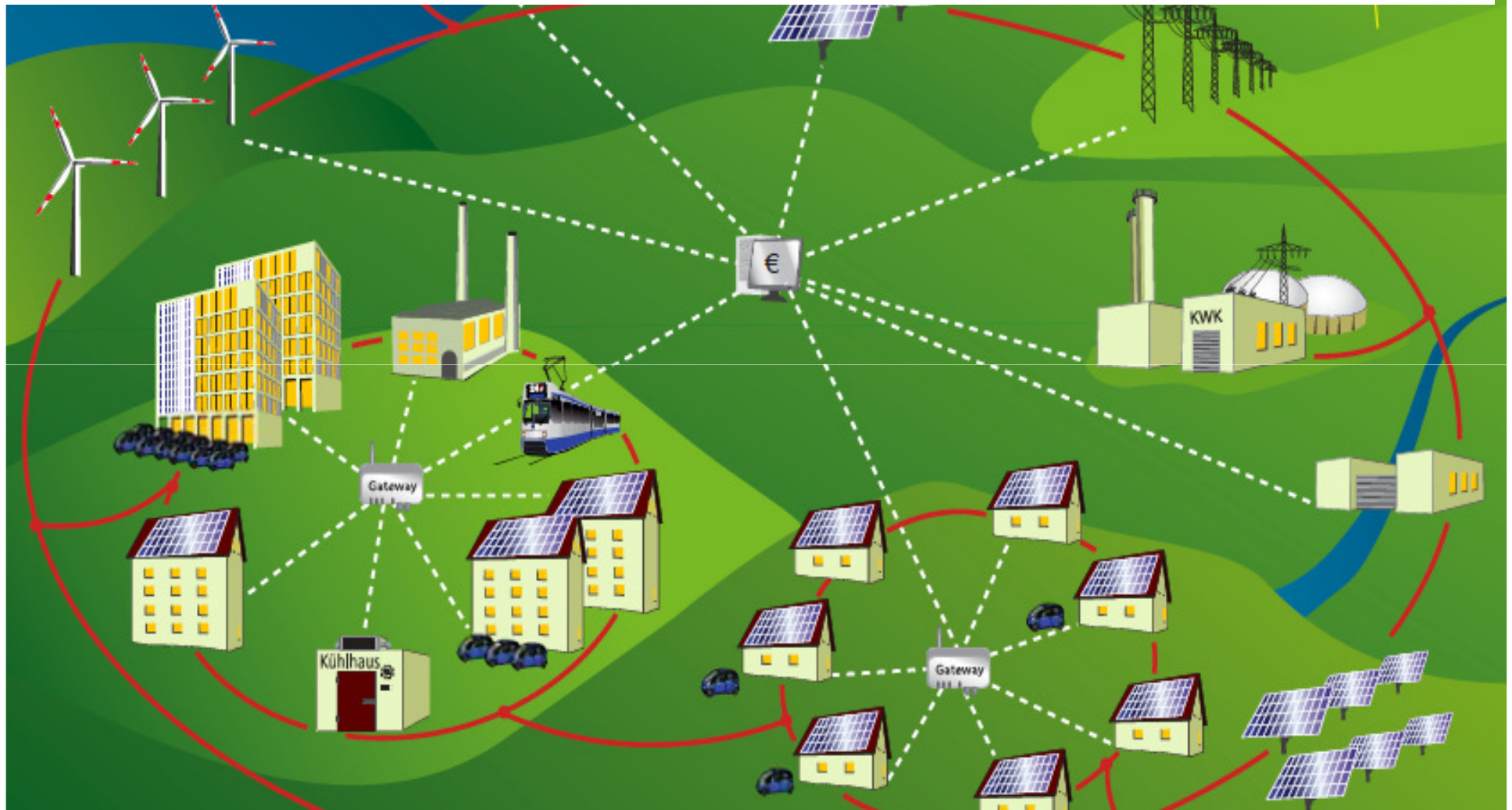
» Theoretical Foundation: Innovation Management Framework ///

A value network consists of associated ideals and values, distributed business models & components.



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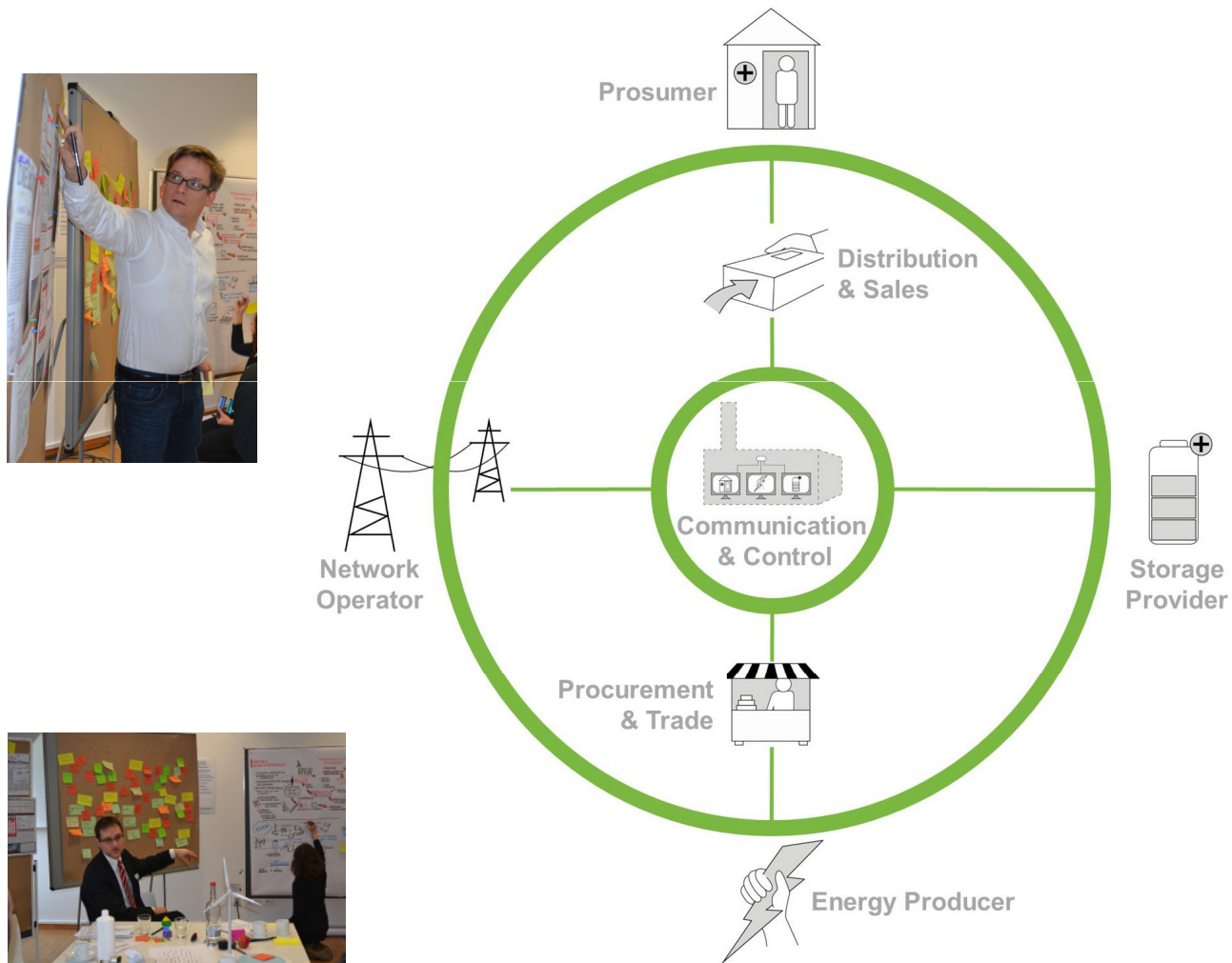
» The Challenge: Sustainable Energy Region /// *How to design future energy markets? How may renewable energy contribute to regional self-sufficiency?*



*Which potentials emerge for entrepreneurial action?
How may these potentials be realised?*

[Image: <http://mitreden.buergerdialog-bmbf.de>]

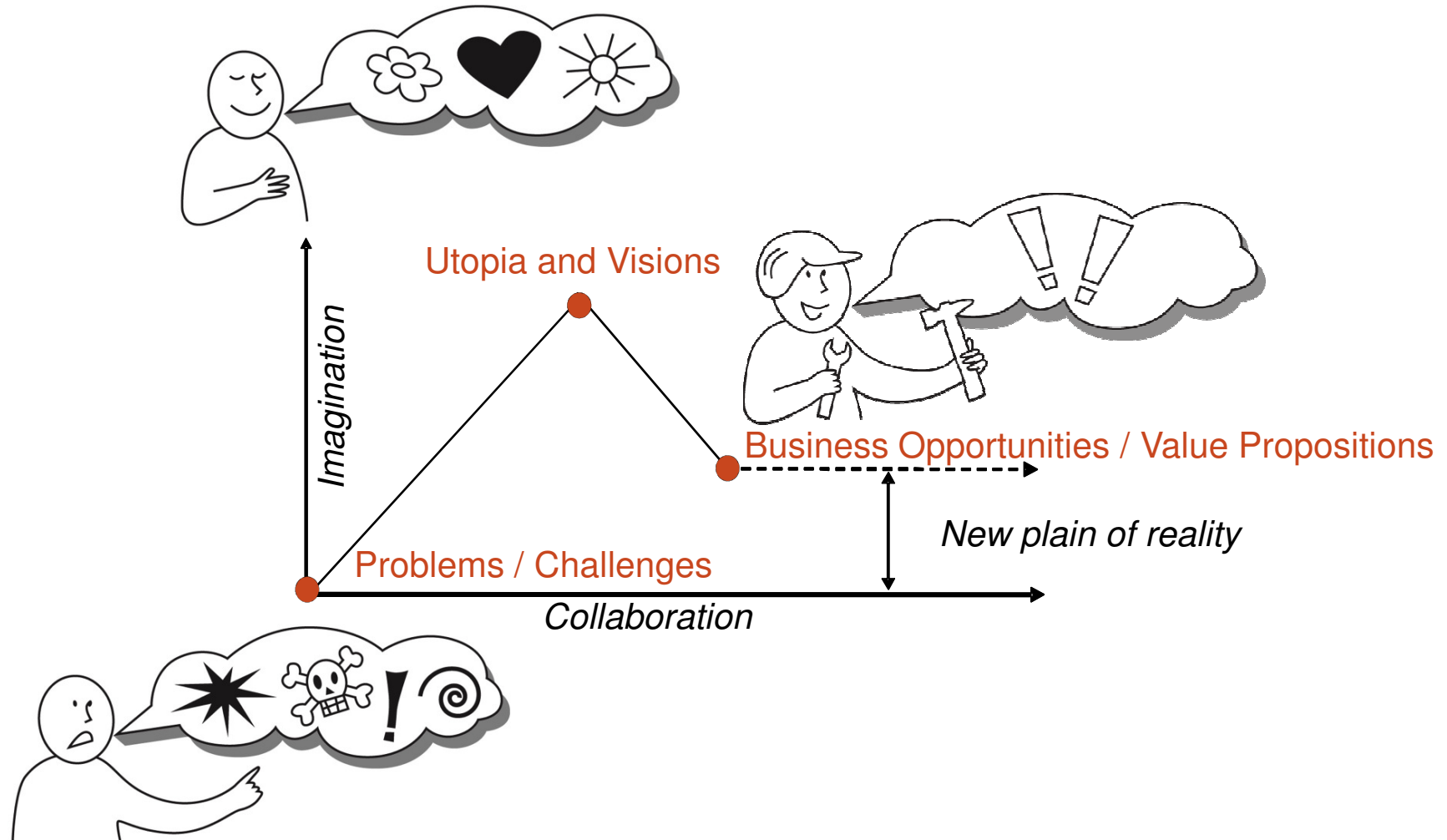
- » The Challenge: New Energy Business Models /// *For 3 stakeholders we focused on value propositions and business models to establish a sustainable energy market.*



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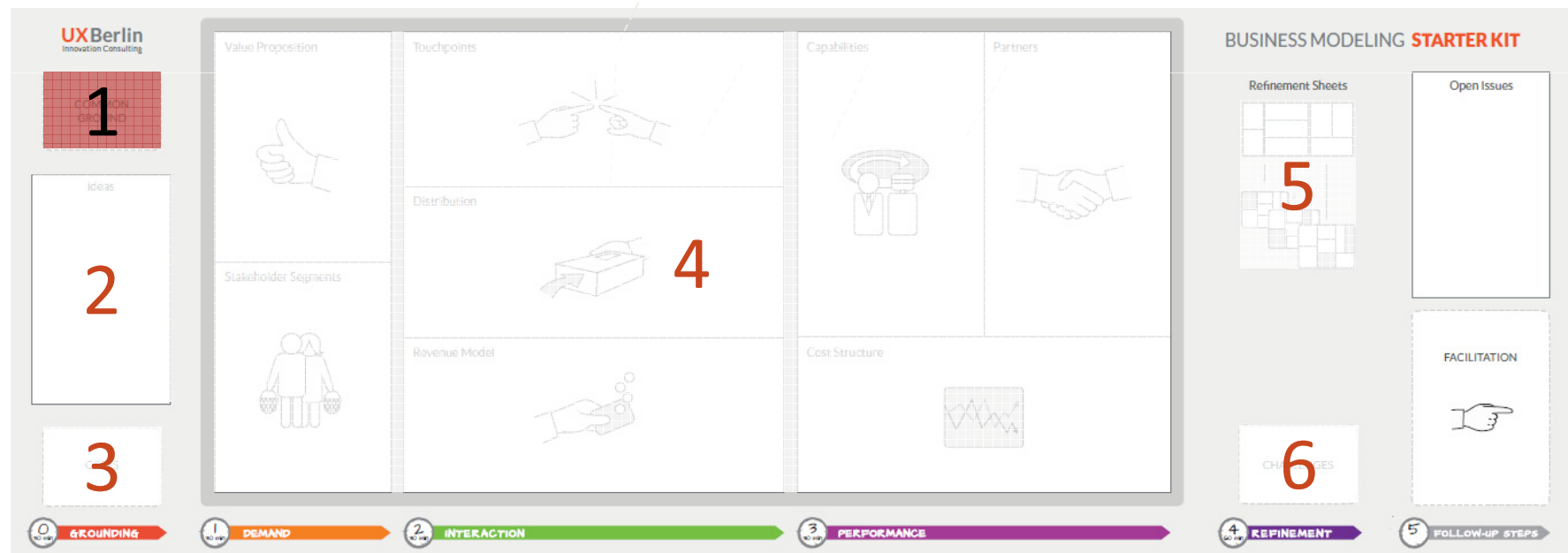
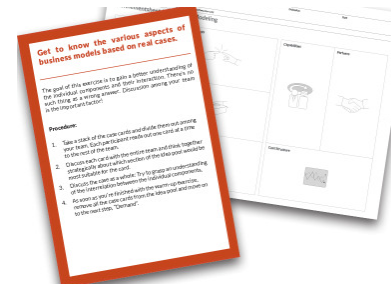
» Tools and Methods: Futures Workshop ///

Facilitation combined a futures workshop to create a normative vision with ...



/// adapted from Kuhnt & Müllert 1996

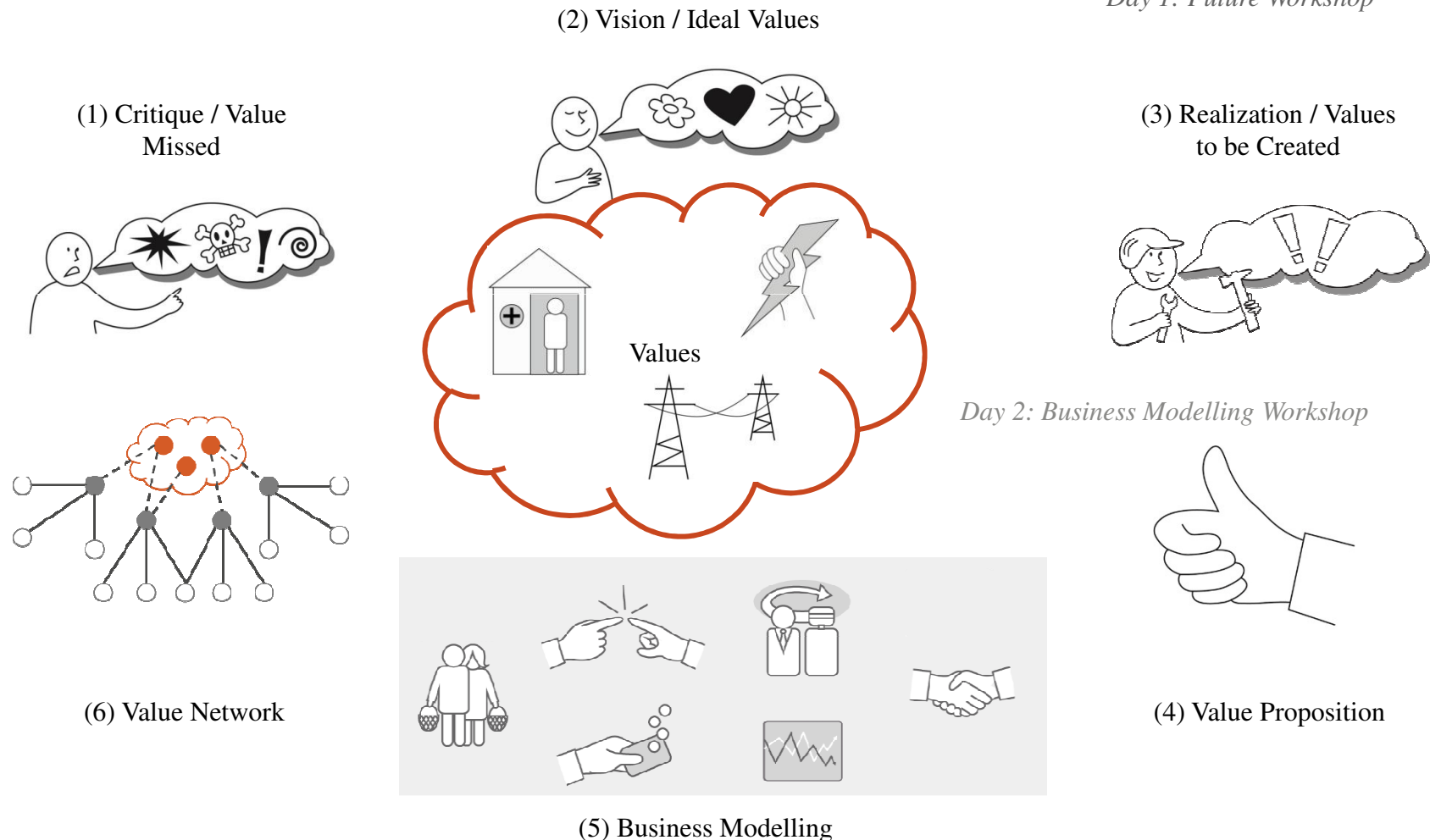
- » Tools and Methods: Business Model Starter / Business Innovation Kit ///
- ... five steps of definition, exemplification, ideation, modelling, and challenging assumptions.*



/// Normative Innovation for Sustainable Business Models in Value Networks

» Tools and Methods: Workshop Overview ///

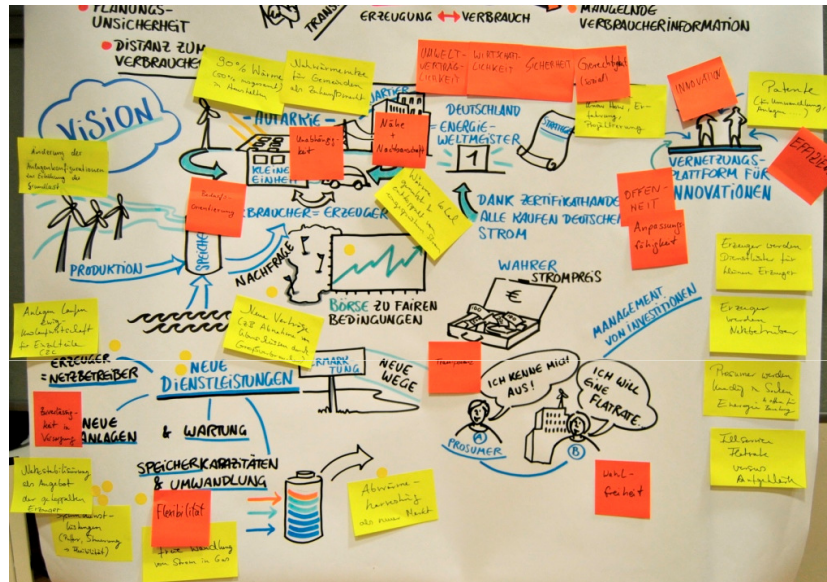
Key values such as independence, transparency, efficiency, and proximity provided an evolving reference point.



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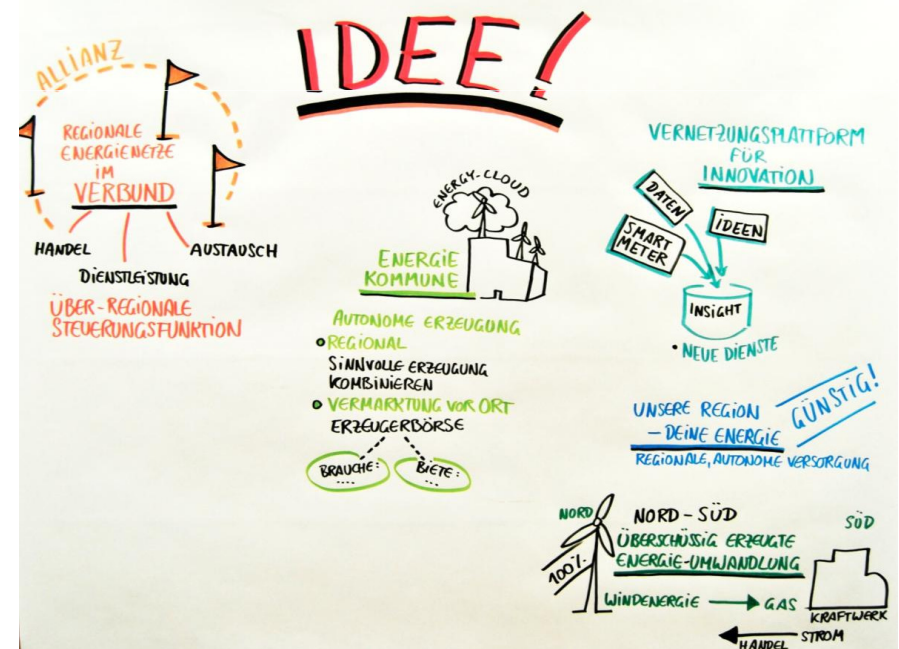
» Lessons Learned ///

Three value propositions for different actors were modelled.



The combination of future ideation and Business Modeling Starter Kit to explore normative orientations allowed for an efficient and satisfactory collaboration.

Value propositions for a local energy community model, a financial equity participation model and an agency for virtual power plants were modelled.



/// Normative Innovation for Sustainable Business Models in Value Networks

» Lessons Learned ///

Shared values and parallel creation of new business models promoted mutual tolerance for negative impacts on some actor's business.

		<i>Network Actors</i>		
		<i>Prosumers</i>	<i>Energy Producers</i>	<i>Network Operators</i>
<i>Innovation Levels</i>	<i>Values</i>	Regional sustainability, education and independence	Regional sustainability, innovation and independence	(Cross-)Regional sustainability and education to drive innovation
	<i>Business Model</i>	Local energy community	Financial equity participation	Agency for virtual power plants
	<i>Components</i>	Advanced storage technology and trade platform	Partnering in marketing, finance & operation	Repurposing consulting capabilities

» Lessons Learned ///

Unpacking the wicked problem, these values also served as clues for possible solutions from a network perspective.

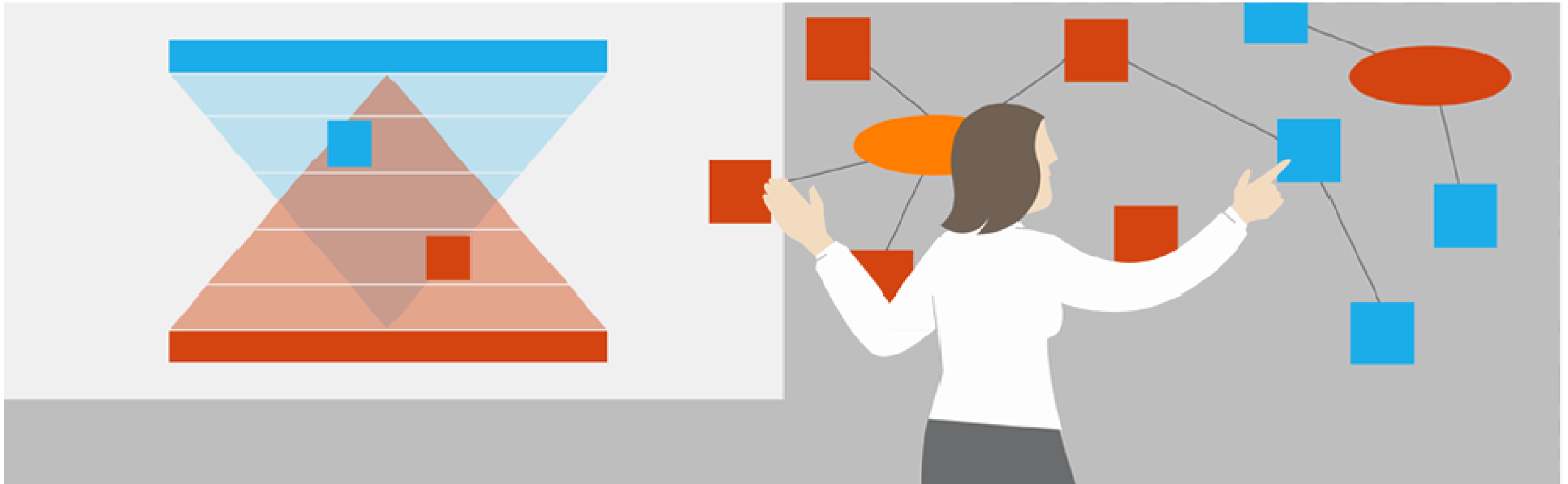
- Combining normative **future ideation and business modelling** facilitated efficient and satisfactory collaboration and addressing barriers to sustainability innovations from a network perspective.
- Reconfiguring the value network from **different stakeholder perspectives** lead to new actor-specific and network business models.
- Focussing on the **normative level of innovation** management allowed to create ambitious visions and to derive co-evolving rather than conflicting business models.

» Lessons Learned: Conclusions ///

The best starting point for systemic sustainability innovations lies on value networks built on shared goals and values.

- Two important **gaps in the literature**: “egocentric” focus on firms and lack of reflection of the normative dimensions of value networks and innovation.
- Systemic innovation needs “**normative innovation management**” to identify values to be created and saved with a business ecosystem (with normativity as an inherent und fundamental moment of “value-creating” business).
- **Transferring the approach to other industries** like international finance, health, or education should be explored.

» Thank you for your attention!



We thank our colleagues who supported this project: Lars Holstenkamp & Jennifer Kowallik (Workshop Initiators), Dirc-Robert Wortley and Ulrike Mascherek (Co-Moderation UXBerlin), Gabriele Heinzel (Illustration and Graphic Recording) and the workshop participants from northern Germany.