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).

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

/// Normative Innovation for Sustainable Business Models in Value Networks
We differentiate between three levels of innovation.

- **Strategic Business Model Innovation**
- **Instrumental Innovation in Business Model Components**
- **Normative Value Innovation**

/// Normative Innovation for Sustainable Business Models in Value Networks
A value network consists of associated ideals and values, distributed business models & components.
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?
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 ...

- Utopia and Visions
- Business Opportunities / Value Propositions
- Problems / Challenges
- Collaboration

New plain of reality

/// 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.

Day 1: Future Workshop

(1) Critique / Value
   Missed

(2) Vision / Ideal Values

(3) Realization / Values to be Created

Day 2: Business Modelling Workshop

(4) Value Proposition

(5) Business Modelling

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

Three value propositions for different actors were modelled.

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

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

/// 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.*

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

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

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