
Business Model Innovation in the Era of Sustainable Development Goals

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Abstract: Business model innovation is increasingly discussed as an approach to address societal challenges, such as those formulated by the United Nations' Sustainable Development Goals (SDGs). The *lab of tomorrow (lot)* project facilitates business model innovation for the SDGs through collaborations between European companies and entrepreneurs from developing and emerging markets. However, a structured review of the initial experiences with the *lot* approach is missing. Furthermore, established management frameworks and concepts, such as corporate social responsibility or 'shared value', and conventional success measures fall short to adequately address, develop and evaluate business model innovation for the SDGs. In order to address these gaps, a review of the initial lessons learned with the *lot* approach and expert interviews with project participants are conducted. Secondly, we review and redefine basic innovation management concepts to communicate about and manage business model innovation for the SDGs in the particular context of development cooperation and propose a values-based approach to innovation and its management. Finally, we propose a new classification scheme for business model innovation for the SDGs, which includes dimensions such as type of innovation, business model readiness, scaling potential and business model patterns. We conclude with recommendations for innovation management and policy-making for development cooperation and the SDGs.

Keywords: Business model innovation, values-based innovation; sustainability; development cooperation; stakeholder management; start-up; sustainable entrepreneurship; classification of innovations; case study; sustainable development goals