

Which level of sustainability innovation maturity are you operating on? Which level are you aiming for?

- 1 Innovation within components
- 2 Innovation throughout components
- 3 Corporate innovation process
- 4 Business model innovation
- 5 Value network innovation

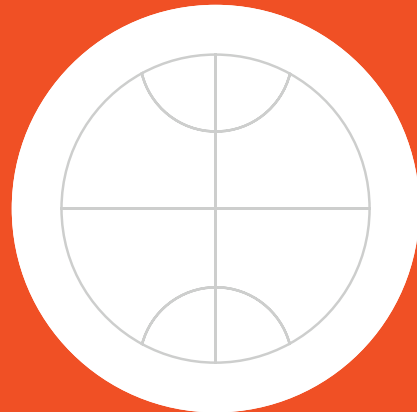
This set of cards describes five sustainability innovation maturity levels, each including a brief definition, characteristics in terms of motivation, focus, and integration. General examples and illustrations of according corporate sustainability innovation activities are given. Use these cards to negotiate the fundamental values your business should be based on. These cards are part of the Business Innovation Kit by UXBerlin.

Card set by Henning Breuer & Florian Lüdeke-Freund, based on Breuer, H. & Lüdeke-Freund, F. (2017). Values-Based Innovation Management. Innovating by What We Care About. London: Palgrave Macmillan.

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SUSTAINABILITY CARDS

INNOVATION WITHIN COMPONENTS



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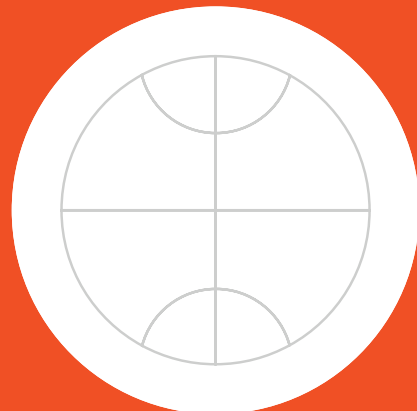
Sustainability is being pursued throughout business model components.

- **Motivation:** Rather externally driven, but with a systematic view on product lines and overarching processes; consequences of regulations, opportunities, and lessons learned from first initiatives.
- **Focus:** Sustainability innovation goes beyond single components and may also combine different components as a precondition for business model innovation.
- **Integration:** Basic structures and routines for SI are established, such as systematic data management and cross-functional communication; still, the most important resource is personal experience with successful projects.
- **Example:** Renewal of a whole product category or distribution logistics to achieve sustainability. E.g. introducing electric vehicles as a new product line; establishing a logistics system around new and light-weight packaging (e.g. bamboo cardboards).
- **Role of innovation management:** Extend component innovations and develop a stronger competitive edge; renew and protect existing business against trends like declining resource base.

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SUSTAINABILITY CARDS

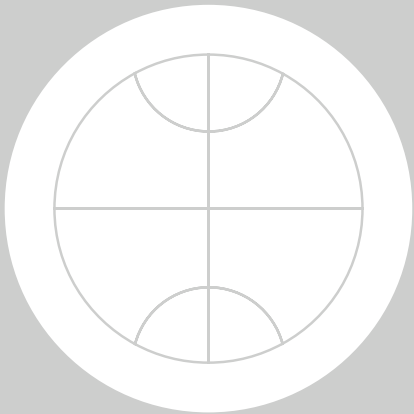
CORPORATE INNOVATION PROCESS



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SUSTAINABILITY INNOVATION MATURITY



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Ad hoc sustainability innovation within single components.

- **Motivations:** Externally driven by market or regulatory pressure. Identification of market opportunities to increase market share and profit from “sustainability premium”. New regulations require compliance with new norms or standards.
- **Focus:** Sustainability innovation focus is on a single product, service or feature, a single market segment, or a single process.
- **Integration:** Organizational structures and routines do not support systemic sustainability innovation; ad hoc approach to innovation without organizational learning.
- **Example:** A product is being replaced by a green alternative. E.g. replacing conventional solvents with bio-degradable alternatives; installing energy-saving lamps instead of traditional lightbulbs; offering biofuels together with fossil fuels.
- **Role of innovation management:** Realizing new, but rather isolated, market opportunities and securing compliance.

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SUSTAINABILITY CARDS

INNOVATION THROUGHOUT COMPONENTS



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Sustainable innovation as basis for corporate renewal and core element of strategy.

- **Motivation:** Internally and externally driven approach to drive innovation and initiate learning from solving sustainability issues; goal is a systematic balance of risks and opportunities in all major business areas and processes.
- **Focus:** Sustainability innovation, as a legitimate organizational function, is systematically integrated into core structures and routines; the focus is on repeatable and continuously improved sustainability innovation activities.
- **Integration:** Management structures and routines, data management, and internal communication support SI in core business; self-sustaining organizational learning exceeding personal experience becomes possible.
- **Example:** Learning and “cross-pollination” between sustainability innovation projects based on integrative team(s) and organizational structure. E.g. a “Corporate Sustainable Development Plan” bundling e.g. CSR activities, product and process innovations, and overall corporate environmental performance.
- **Role of innovation management:** Provide an overall innovation and development strategy, integrate and learn from individual innovation projects.

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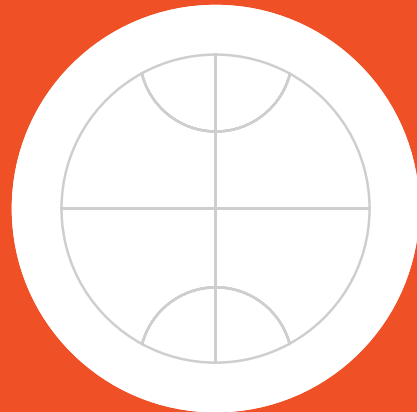
New value creation approaches through sustainable business model innovation.

- **Motivation:** Dealing with major sustainability trends and competitive disruptions requires new modes of value creation, delivery, and capture; innovation within and throughout components is used to create radically new business logics.
- **Focus:** Sustainability innovation, as explicit strategic business goal, is pursued on the levels of business models and organization-society relationships.
- **Integration:** Management structures and routines, data management, and internal communication support SI within core business; self-sustaining organizational learning becomes possible.
- **Example:** Developing a new business model around an ecologically superior product-service-system. E.g. providing product-based services like floor-covering, including after-use recycling, instead of simply selling product units.
- **Role of innovation management:** Explore new business logics and approaches to value creation, delivery, and capture; develop and enhance systemic innovation capabilities.

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SUSTAINABILITY CARDS

VALUE NETWORK INNOVATION



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If striving for sustainability is a fundamental value for your business, how do you create competitive advantage and impact?

Consider the following business case drivers. How can they be improved through sustainability-oriented business model innovation?

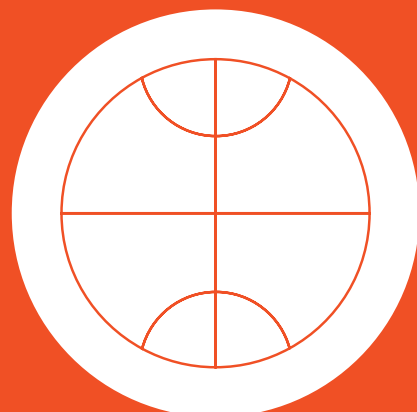
- 1) Costs
- 2) Risks
- 3) Revenues
- 4) Efficiency
- 5) Reputation
- 6) Workforce
- 7) Innovation
- 8) Ecosystem

One card for each driver exemplifies measures how you empower your business case. Use these cards to identify levers in your business model and its components. Create your own business case for sustainability. These cards are part of the Business Innovation Kit by UXBerlin; based on Schaltegger, S.; Lüdeke-Freund, F. & Hansen, E. (2012): Business Cases for Sustainability: The Role of Business Model Innovation for Corporate Sustainability, Int. Journal of Innovation and Sustainable Development, Vol. 6, No. 2, 95-119.

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SUSTAINABILITY DRIVER CARDS

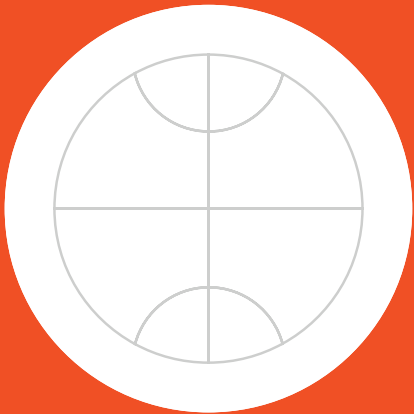
COSTS



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BUSINESS MODEL INNOVATION



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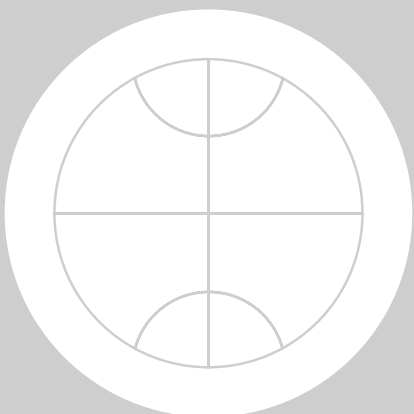
Networks to achieve net positive value and visionary change based on normative values.

- **Motivation:** The normative orientation behind any form of value creation is taken as starting point; shared visions and the potential for symbiosis motivate joint problem solving and value creation in networks even between unusual (or even conflicting) partners.
- **Focus:** Normative values are used as motivators for collaborative SI beyond single business models and organizations; collaborations and networks are used as level for SI activities which might integrate all preceding SI levels.
- **Integration:** Management structures and routines partly aligned across multiple actors / the network; development of self-organizing capabilities on the network level; joint, mutual, and continuous learning.
- **Example:** Normatively founded networks for sustainable energy regions. E.g. the mutual and complementary development of new energy supply, storage, and ICT business models to enable smart decentralisation.
- **Role of innovation management:** Identify shared normative values and develop shared visions for a network of diverse collaborators; provide innovation tools to support values-based and multi-actor innovations.

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SUSTAINABILITY DRIVER CARDS

BUSINESS CASE DRIVERS



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Reduce the costs of your own business operations, or the costs incurred for your partners, customers, and stakeholders.

- **Value Proposition, Stakeholder Segments**
Offer products and services with lower energy or maintenance costs; design for longevity and reduced buying frequency.
- **Touchpoints, Distribution, Revenue Model**
Establish cost-efficient contracting models based on using instead of buying, or closed-loop service systems; use e.g. dynamic pricing or freemium models instead of one-fits-all pricing to reflect real costs; translate efficiency gains into lower prices.
- **Capabilities, Partners, Cost Structure**
Develop partnerships along the supply chain to share existing environmental or social capabilities; extend partner-concept to involve further stakeholders such as NGOs to secure stable and cost-efficient access to critical resources; increase efficiency and substitute potentially harmful inputs like toxic chemicals to reduce environmental and social costs for your stakeholders.

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Proactively anticipate, control, and reduce risks and their sources.

- **Value Proposition, Stakeholder Segments**
Lower ecological and social risks through improved product and service designs can create additional value for stakeholders; be transparent and inclusive to your stakeholders, e.g. through roundtables, to retain freedom of decision in the face of changing regulations, e.g. obligations to source ecologically sustainable inputs.
- **Touchpoints, Distribution, Revenue Model**
Develop service-relationships that reduce sustainability risks for customers, this can result in higher customer loyalty; avoid 'proxy wars'; check if third-party certification or verification can improve external communication.
- **Capabilities, Partners, Cost Structure**
Prevent environmental and social hazards; partnerships set-up in order to minimize internal and external risks ('risk sharing'); avoid the financial risks of being prosecuted for violating environmental and social laws; improve risk and credit rating to reduce capital costs through lowered sustainability risks.

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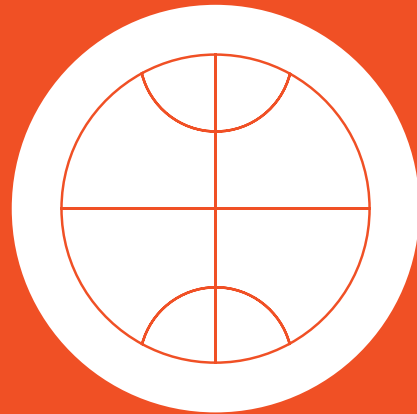
Increase your operational efficiency by harvesting 'low hanging fruits' and improvements of your core processes.

- **Value Proposition, Stakeholder Segments**
Make use of social networks as a source of design ideas based on user experiences; identify sustainable jobs-to-be-done based on your given or modified offerings (e.g. turn your in-house waste management into a B2B service to realize economies of scale).
- **Touchpoints, Distribution, Revenue Model**
Motivate word-of-mouth recommendations through exceptional sustainability reputation and value propositions; stimulate social networks as additional pool of knowledge and product support; directly involve customers in the co-creation of services.
- **Capabilities, Partners, Cost Structure**
Reduce waste management costs and resource consumption; increase employee productivity by understanding and addressing their values; reduce costs of capital through reduced risk exposition; reduce material and energy usage through redesigned packaging and new materials such as bio-plastics.

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SUSTAINABILITY DRIVER CARDS

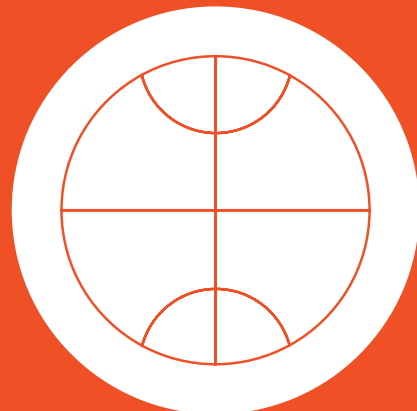
REVENUES



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SUSTAINABILITY DRIVER CARDS

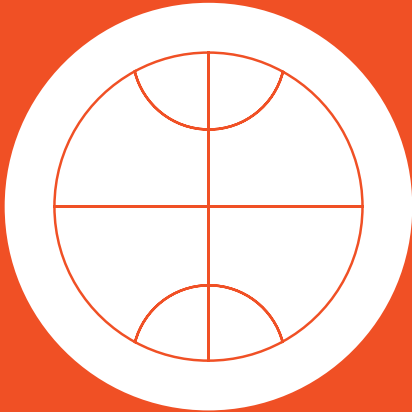
REPUTATION



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SUSTAINABILITY DRIVER CARDS

RISKS



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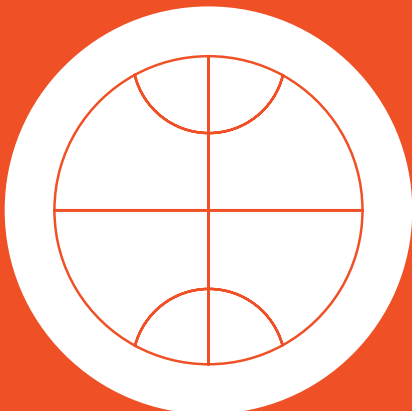
Increase sales volumes and tap new revenue sources with more sustainable products and services.

- **Value Proposition, Stakeholder Segments**
Address new stakeholders and customer segments through dedicated branding of ecologically or socially superior products; identify yet overseen markets and lucrative niches; turn ecological or social product and service features into unique value propositions.
- **Touchpoints, Distribution, Revenue Model**
Increase customer retention and customer value through sustainability-oriented and service-intense relationships – justify a ‘sustainability premium’ through made-to-last products and exceptional service; use differentiated pricing rather than one-fits-all pricing; diversify revenue streams through new offerings and/or new customer touchpoints.
- **Capabilities, Partners, Cost Structure**
Lower overall costs for yourself and your customers through service and use-oriented offerings; translate efficiency gains into higher profit margins; intensify partnerships within your business ecosystem to cultivate existing environmental or social markets.

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SUSTAINABILITY DRIVER CARDS

EFFICIENCY



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Increase your reputation and brand value and improve the positioning of your products and services.

- **Value Proposition, Stakeholder Segments**
Understand how sustainability impacts your corporate reputation perceived by stakeholders; attract new customers based on their lifestyles (e.g. LOHAS) or public institutions following green sourcing guidelines; understand the values of your stakeholders and define your value propositions accordingly.
- **Touchpoints, Distribution, Revenue Model**
Increase customers’ willingness to pay for socially and ecologically superior products; use certification and verification; market sustainability at each touchpoint and throughout the customer journey; communicate strong commitments e.g. to realize 100%-visions (such as 100% organic and fair trade sourcing); improve your position in sustainability ratings and rankings.
- **Capabilities, Partners, Cost Structure**
Motivate partners to create cross-selling retail-environments based on shared values and value propositions; extend strategic partnerships also to improve reputation.

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Increase your attractiveness as an environmentally and socially conscious employer.

– Value Proposition, Stakeholder Segments

Align value propositions, products and services with employees' values to allow for personal identification, and to attract and retain motivated workforce; make your employees your best customers and communicators; understand their values and priorities.

– Touchpoints, Distribution, Revenue Model

Turn self-identification and motivation of work force into real and long-lasting customer experience and relationships – motivate your employees to engage in real relationships, not only in selling stuff.

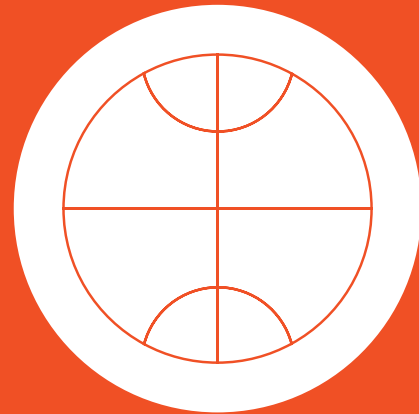
– Capabilities, Partners, Cost Structure

Listen to employees and leverage their tacit knowledge and experience to improve processes and innovation capabilities; become attractive on labor markets; redefine your employee-concept to not only target the best 10 percent, but to include unconventional employees; reduce costs for HR acquisition, fluctuation and compensation costs through unique position as sustainability-driven employer.

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SUSTAINABILITY DRIVER CARDS

INNOVATION



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Contribute to and profit from your wider ecosystem, e.g. exploring new forms of cooperation based on shared values.

– Value Proposition, Stakeholder Segments

Legitimize your business in the long run through support for local stakeholders such as neighbors or local politics, their resources and capabilities (e.g. infrastructure investment or community engagement); understand and address what they value.

– Touchpoints, Distribution, Revenue Model

Promote collaborative co-innovation with key customers along all touchpoints; co-create new co-operation models to obtain shared revenues.

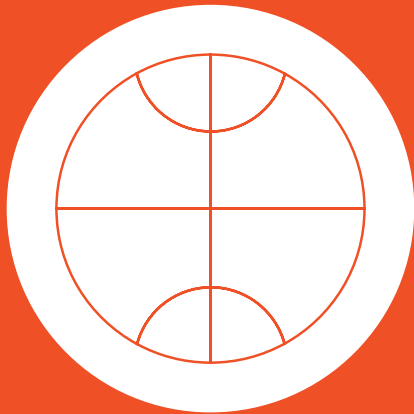
– Capabilities, Partners, Cost Structure

Develop sustainable sourcing strategies, e.g. to improve farmers' situation; connect to organizations like Fairtrade International or the Forest Stewardship Council; new offerings may require new strategic partnerships (e.g. co-opetition) to overcome market barriers; position yourself as an attractive principal within your business network to get access to third-party activities, resources and partnerships.

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SUSTAINABILITY DRIVER CARDS

WORKFORCE



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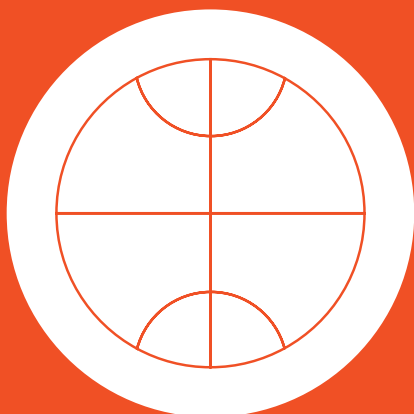
Take sustainability-related goals and metrics as a foundation and evaluation criteria to initiate and manage innovation.

- **Value Proposition, Stakeholder Segments**
Unfold the full sustainability-potential of innovations (e.g. extreme dematerialization) to create modified or new value propositions; understand the most important values of your customers as a starting point for normatively defined product and service offerings; discover uncontested market space by exploration of sustainability values and product-related attributes (e.g. by motivating sufficiency and reduced pressure to re-buy products).
- **Touchpoints, Distribution, Revenue Model**
Provide solutions to sustainability problems perceived by your customers and stakeholders – extend your concept of jobs-to-be-done; use social networks as innovation resource.
- **Capabilities, Partners, Cost Structure**
Build innovation communities based on shared values; turn knowledge from your sustainability reporting or monitoring into a resource; offer your own capabilities, e.g. in terms of energy, water or waste management to partners as B2B customers.

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SUSTAINABILITY DRIVER CARDS

ECOSYSTEM



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