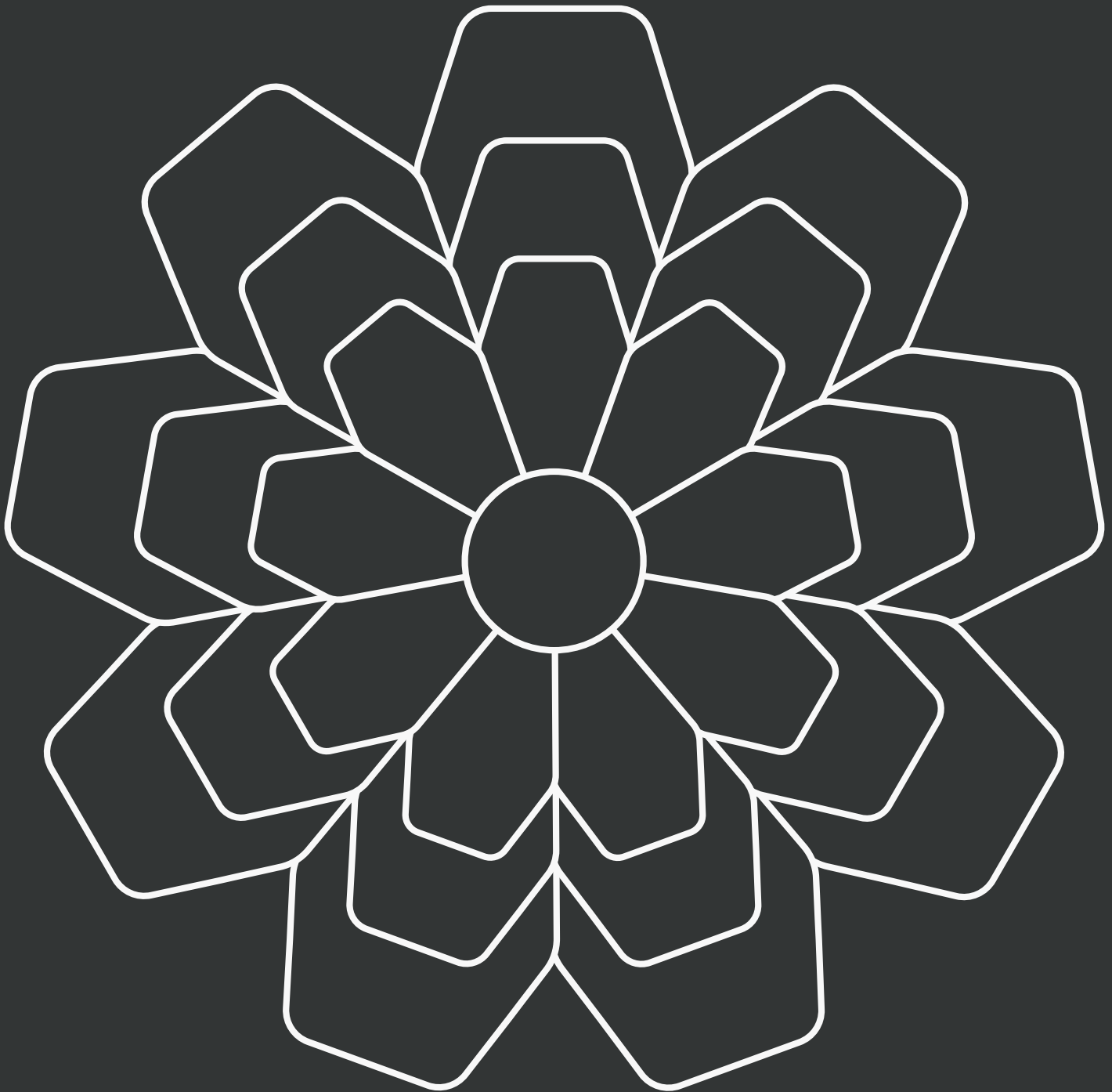


Make the world your workplace
VIA University College

Grow a Business



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GROW A BUSINESS

Grow a Business

The missing business model

The international community is facing a number of major challenges, such as low growth rates, large numbers of people at the edge of the labour market, considerable environmental challenges, climate change, the refugee crisis, and a new demographic mix. We come from a time with a major focus on economic growth to a situation, in which we need to act on these challenges. If we are to solve the major social, climatic, and environmental challenges, we need to think in ways, in which the human and physical resources are on an equal standing with the economic resources. These are some of the reasons that the UN in 2015 adopted the 17 global goals for sustainable development.

New companies and projects can contribute to solving social and environmental challenges. In many cases these may also result in economic gains, and in this way create coherence between economic, social, and environmental sustainability (Profit, People, Planet).

The interests of young entrepreneurs often tend to demonstrate understanding and interest in causes beyond merely making money. They want to contribute to the solutions of societal challenges and the creation of sustainable solutions by establishing companies and projects. In order to support their work, we need to look at a multidimensional business model, taking its point of departure in economic, social, and environmental sustainability.

Grow a Business model

Grow a Business model offers entrepreneurs the opportunity to include economic, social and environmental perspectives right from day one, when they develop their business model or their project concept. The model can also be used to spar with existing companies, providing inspiration for further development of their business models.

The model is a tool for consultants, who spar with entrepreneurs and company managers. The model is used during the start of a sparring process in order to provide a quick, simple visual overview of the specific idea. The method is prototyping, in which the entrepreneur or the business manager spars with the

consultant, thereby developing the first prototype of the business model. The purpose is to demonstrate and test the function, the design, and the internal coherence of the concept.

Grow a Business model takes its point of departure in Osterwalder's Business Model Canvas (BMC), the Social Business Model Canvas, as well as the theory of circular economy developed by the Ellen MacArthur Foundation.

How to use Grow a Business model

Grow a Business model is visually structured like a flower with a central core surrounded by three layers, each representing the three aspects: Profit, People, and Planet. Every aspect contains nine elements inspired by Osterwalder's BMC: Who is the customer? What is the value to the customer? What is the relation to the customer? How do you reach the customer? What are the most important activities? What are the most important resources? Who are the partners you will cooperate with? What are the most important costs? Where is the money coming from?

You place the idea you need to explore at the centre of the model. The first layer around the core represents economy. The second layer represents social responsibility. The third and external layer represents circular economy.

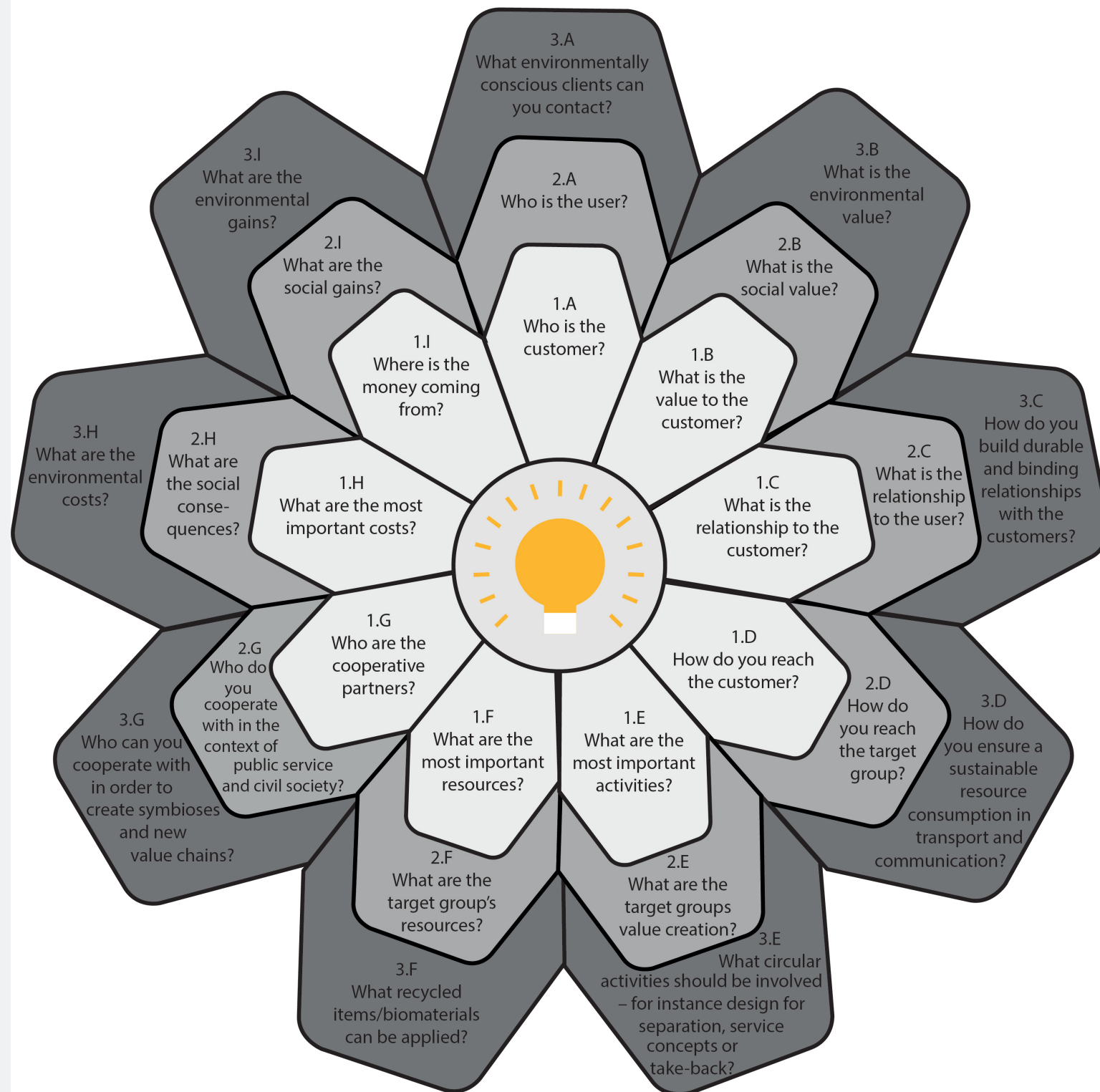
The consultants begin the sparring by uncovering the entrepreneur's idea, which is the core of the model. Typically, the consultant will begin at the top of the model, where you find the customer or the target group, and then move round-the-clock. However, it is also possible to begin at the levels of energy or need, and alternate between the elements and layers.

The consultant may fill out the process card, which reflects the concerns of the entrepreneur or the business manager, with regard to the individual areas.

1. ECONOMY

2. SOCIAL RESPONSIBILITY

3. CIRCULAR ECONOMY



Guide to the individual layers in Grow a Business

PROFIT

1.A WHO IS THE CUSTOMER?

To whom is the product or the service sold?

The customer could be private consumers, physical or digital shops, production companies or public organizations. For instance a municipality, which buys a course in job-training.

The customer groups have various characteristics. For instance:

- A small niche market
- A broad mass market
- Several customer groups for each of the products/services
- Several customer groups, to which the same product is adapted
- Two or more mutually dependent customer groups, for instance advertisers and buyers of newspapers

1.B WHAT IS THE VALUE TO THE CUSTOMER?

Which problem does the product or the service solve, or what gains does it provide?

Examples of pains: lack of time, major expenses, frustration, worrying
Examples of gains: quality, happiness, comfort, status, relation

1.C WHAT IS THE RELATIONSHIP TO THE CUSTOMER?

Examples of relationships:

- personal service
- automated service, for instance tax
- self-service
- communities in which the customers communicate amongst themselves, for instance Endomondo
- co-creation in which the customers participate in the development processes, for instance LEGO
- subscriptions and service contracts

It is an advantage to create close relationships, thereby achieving customer loyalty and insight into the customer's wishes and needs.

PEOPLE

2.A WHO IS THE USER?

The socially exposed segment encompasses drug users, mentally ill, homeless, traumatized individuals, and prostitutes.

The user can be employed, subject to special conditions, for instance, flexible working hours, job rotation, salary subsidies, and internship.

It can be a one-person or a group intervention (for instance a café run by mental patients) or a local area (for instance, a residential area).

2.B WHAT IS THE THE SOCIAL VALUE?

The company creates social value for vulnerable and exposed human beings. Examples of social values: participation in communities, experiencing security, having influence, autonomy, opportunities for development, and a more dignified life. Participating in a meaningful activity or getting a foothold in the regular labor market.

2.C WHAT ARE THE RELATION TO THE USER?

How is the user included in terms of his or her needs? Inclusion requires a confidential relationship to support the opportunities and limitations of the individual. Through regular and meaningful tasks the individual is supported in a quest to build self-esteem, learn stability and routine on a daily basis, and clarify work abilities. Products and services for the user are best developed in a cooperative effort.

PLANET

3.A WHAT ENVIRONMENTALLY CONSCIOUS CLIENTS CAN YOU CONTACT?

Customers get the opportunity to buy products and solutions with neutral or positive effect on the environment. Thereby they acquire gains in terms of branding, requirements from authorities and the customer's customers – and of course the good conscience.

In many cases, customers do not have to take ownership, and hence invest, maintain, and repair. Moreover, there is a wide range of advantages, for instance longer life, and sound materials.

3.B WHAT IS THE ENVIRONMENTAL VALUE?

Circular companies address all types of customers. But they have a special value for environmentally conscious customers. It may be public authorities, environmental organizations, environmentally certified companies and green consumers.

3.C HOW DO YOU BUILD LONG-LASTING COMMITTED RELATIONSHIP WITH THE CUSTOMER?

Circular business models are often based on service principles. This means that you can rent, lease, or share products instead of buying. You thereby achieve a more frequent contact, closer relationship to the customers, and a greater customer loyalty. The close relationship may for instance be achieved through leasing contracts, subscriptions, or service agreements.

GUIDE TO THE INDIVIDUAL LAYERS IN THE GROW A BUSINESS MODEL

PROFIT

1.D HOW DO YOU REACH THE CUSTOMER?

How does the product or the service reach the customer?
Marketing: how does the customer become acquainted with the product or the service, for instance via social media, exhibits, advertising, or personal sale?
Distribution: where can you buy the product/service?

- Retail shops or own shops
- Middlemen
- Pop up shop such as for instance the fish van
- Online sales, own platform, or other people's platforms
- Marketplaces
- Transport: how does the product reach the customer/the middleman?

1.E WHAT ARE THE MOST IMPORTANT ACTIVITIES?

What activities are needed in order to run the company or the project?
Examples of activities:

- Production processes
- Consultancy and services rendered
- Development of IT platforms and networks

1.F WHAT ARE THE MOST IMPORTANT RESOURCES?

What resources are most important to the product or the service?
Examples of resources:

- Physical
- Financial
- Human
- Immaterial, for instance rights, information, methods

PEOPLE

2.D HOW DO YOU REACH THE TARGET GROUP?

Examples of contact with the user:
Through public service, associations or social media and advertising.

2.E WHAT IS THE TARGET GROUP'S VALUE CREATION?

What concrete activities make sense in terms of the users' needs?
It could be development of competences, educational initiatives, job-training or job creation

2.F WHAT ARE THE TARGET GROUP'S RESOURCES?

What are the user's resources?
Human resources, such as knowledge, practical skills, social competences, and network

PLANET

3.D HOW DO YOU ENSURE A SUSTAINABLE RESOURCE CONSUMPTION IN TRANSPORT AND COMMUNICATION?

Consider using digital media for marketing and transport (for instance games and literature). You should also think in terms of local suppliers, the vegetables of the season, new types of packaging, shared transport, and sustainable energy for transport.

3.E WHAT CIRCULAR ACTIVITIES SHOULD BE INVOLVED - FOR INSTANCE DESIGN FOR SEPARATION, SERVICE CONCEPTS OR TAKE-BACK?

The complete circle from design through consumption to recycling has to be carefully thought through:

- products should be designed for re-use. Designs should for instance make it easier to separate components, design should use fewer types of material, phase out poisonous substances, and use biomaterials production processes.
- Waste should be minimised, and sustainable energy used.
- Prolonged durability through service, repair, maintenance, and updating of products.
- Reverse logistics. How is the raw material reintegrated into production either in your own or in other companies?

3.F WHAT RECYCLED ITEMS/BIOMATERIALS CAN BE APPLIED?

An important principle is that the companies should not use "virgin" materials of the non-renewable kind. For instance metals or oil. Instead materials from existing products should be reused, or biomaterials should be used, which are both renewable and biodegradable. The materials must not contain hazardous chemicals, and sustainable energy must be prioritized

GUIDE TO THE INDIVIDUAL LAYERS IN THE GROW A BUSINESS MODEL

PROFIT

1.G WHO ARE THE COOPERATIVE PARTNERS?

What cooperative partners are necessary in order to run the company or the project?
Examples of cooperative partners: for instance, suppliers, distributors, knowledge suppliers, test laboratories, networks with shared resources, councillors, foreign agents

1.H WHAT ARE THE MOST IMPORTANT COSTS?

What are the most important working expenses?
Examples of costs: salaries, rent, raw material, energy, consultants (for instance accountants, lawyers) and transport founding costs (for instance rental deposits or purchase of machinery) do not count, but interest and payment in instalments of any loans should count as working expenses.

1.I WHERE IS THE MONEY COMING FROM?

What is the source of the most important income?
For instance sales of:

- Physical products
- Advertising space
- Man hours/consultancy services
- Virtual products (for instance games, apps)
- Connections between people (for instance GoMore or Airbnb)

Consider whether the sales can be replaced by letting or leasing

PEOPLE

2.G WHO DO YOU COOPERATE WITH IN THE CONTEXT OF PUBLIC SERVICE AND CIVIL SOCIETY?

Cooperative partners:

- Organisations/institutions which already work with the target group.
- The municipal administration, for example concerning the various rules and requirements for documentation, as well as the social and pedagogical work
- Civil society, including associations, voluntary work, and political involvement, for instance volunteers who support or participate in the daily work.

2.H WHAT ARE THE SOCIAL CONSEQUENCES?

Examples of social consequences:

- Exclusion, insecurity, conflicts, less than adequate physical and psychological work environment

2.I WHAT ARE THE SOCIAL GAINS?

How does the company contribute to society with social values?
It can be through communities, shared influence, and opportunities for development, security, and dignity.
How can the economic surplus be used in ways that create value to society?
The surplus can be used within the social area, health, culture or employment

PLANET

3.G WHO CAN YOU COOPERATE WITH IN ORDER TO CREATE SYMBIOSES AND NEW VALUE CHAINS?

Circular business models require new partnerships, because the company must think the entire circle through. This requires, for instance, close cooperation with suppliers, designers, customers, and garbage companies. If the company itself cannot use remaining products, cooperation with other companies in industrial symbioses may be required.

3.H WHAT ARE THE ENVIRONMENTAL COSTS?

The environmental costs can be measured in terms of four general factors:

- Resource consumption
- Pollution of soil, water or air
- Loss of biodiversity
- Negative climate effects

3.I WHAT ARE THE ENVIRONMENTAL GAINS?

The environmental gains can be measured in terms of four general factors:

- Minimising resource consumption (virgin material, non-renewable material)
- Improvement of soil, water, and air quality conservation of biodiversity

The Positive influence on the climate

PROFIT: THE FIRST LAYER IN THE MODEL

PROFIT

PEOPLE

PLANET

WHO IS THE CUSTOMER?

WHO IS THE USER?

WHAT ENVIRONMENTALLY CON-
SCIOUS CLIENTS CAN YOU CON-
TACT?

WHAT IS THE VALUE TO THE CUSTOMER?

WHAT IS THE THE SOCIAL VALUE?

WHAT IS THE ENVIRONMENTAL VAL-
UE?

WHAT IS THE RELATIONSHIP TO THE
CUSTOMER?

WHAT ARE THE RELATION TO THE
USER?

HOW DO YOU BUILD LONG-LASTING
COMMITTED RELATIONSHIP WITH
THE CUSTOMER?

PEOPLE: THE SECOND LAYER IN THE FLOWER

PROFIT

PEOPLE

PLANET

HOW DO YOU REACH THE CUSTOMER?

HOW DO YOU REACH THE TARGET
GROUP?

HOW DO YOU ENSURE A
SUSTAINABLE RESOURCE
CONSUMPTION IN TRANSPORT AND
COMMUNICATION?

WHAT ARE THE MOST IMPORTANT AC-
TIVITIES?

WHAT IS THE TARGET GROUP'S VAL-
UE CREATION?

WHAT CIRCULAR ACTIVITIES SHOULD
BE INVOLVED - FOR INSTANCE
DESIGN FOR SEPARATION, SERVICE
CONCEPTS OR TAKE-BACK?

WHAT ARE THE MOST IMPORTANT RE-
SOURCES?

WHAT ARE THE TARGET GROUP'S
RESOURCES?

WHAT RECYCLED ITEMS/BIOMATERI-
ALS CAN BE APPLIED?

PLANET - THE THIRD LAYER IN THE FLOWER

PROFIT

PEOPLE

PLANET

WHO ARE THE COOPERATIVE PART-
NERS?

WHO DO YOU COOPERATE WITH IN
THE CONTEXT OF PUBLIC SERVICE
AND CIVIL SOCIETY?

WHO CAN YOU COOPERATE WITH IN
ORDER TO CREATE SYMBIOSES AND
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WHAT ARE THE MOST IMPORTANT
COSTS?

WHAT ARE THE SOCIAL CONSE-
QUENCES?

WHAT ARE THE ENVIRONMENTAL
COSTS?

WHERE IS THE MONEY COMING
FROM?

WHAT ARE THE SOCIAL GAINS?

WHAT ARE THE ENVIRONMENTAL
GAINS?

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