Introduction to r3.0 and the New Business Models Blueprint

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www.reporting3.org
‘25 Years Ago I Coined the Phrase “Triple Bottom Line.”
Here’s Why I’m giving Up On It.’

- While there have been successes, our climate, water resources, oceans, forests, soils and biodiversity are all increasingly threatened. It is time to either step up — or to get out of the way.
- The TBL wasn’t designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future.
- The bewildering range of options now on offer can provide business with an alibi for inaction. Worse, we have conspicuously failed to benchmark progress across these options, on the basis of their real-world impact and performance.
- Fundamentally, we have a hard-wired cultural problem in business, finance and markets. Whereas CEOs, CFOs, and other corporate leaders move heaven and earth to ensure that they hit their profit targets, the same is very rarely true of their people and planet targets. Clearly, the Triple Bottom Line has failed to bury the single bottom line paradigm.
- The focus was on breakthrough change, disruption, asymmetric growth (with unsustainable sectors actively sidelined), and the scaling of next-generation market solutions.
- Hence the need for a “recall.”

Enter the r3.0 Work Ecosystem

- Systemic perspective with nano, micro, meso and macro level
- Returning to the original concept of serving the ‘ultimate end’ – wellbeing
- Four Blueprints on
  - reporting
  - accounting
  - data architecture
  - new business model design
- A fifth Blueprint as a step-by-step ‘Transformation Journey’
- Addressing all necessary constituencies needed to drive synchronized change
The r3.0 Blueprint Suite

Blueprint 1: Reporting 3.0
A principles-based approach to reporting for a green, inclusive, and regenerative economy
Blueprint 4: New Business Models
Integral Business Model Design for Catalyzing Regenerative & Distributive Economies

Blueprint 2: The Transformation Journey
A Step-By-Step Approach to Organizational Thriveability and System Value Creation

Contextualization & Capital accounting
Version 1.0 | 30 May 2017
Lead Authors | Ralph Thurm, Bill Baue, Cornis van der Lugt

Final Report | 12 June 2018
Lead Authors | Bill Baue & Ralph Thurm | Reporting 3.0
Clustering of Sustainable Business Model Literature

1. Product-Service Systems
2. Sustainable Business Model Archetypes
3. Sustainable Value Assessments
4. Strongly Sustainable Business Model Canvas
5. Systems Theory-Based Business Model Generation
Integral Business Models

Differentiators
- Interlink Four Scopes (Nano / Micro / Meso / Macro Levels) Clearly
- Develop Integral Leadership (Nano Level)
- Apply Context-Based Multicapital Performance Metrics (Micro Level)
- Catalyze New Level Playing Fields in Industrial Sectors / Investor Portfolios / Bioregional Habitats (Meso Level)
- Advocate for Economic, Societal, and Ecological Systems Change (Macro Level)
Eight General Characteristics of Integral Business Models

- Synergistic
- Contextualized
- Thriveable
- Purposeful
- Leadership-driven
- Scalable
- Multicapitalist
- Four Scale (Nano/Micro/Meso/Macro)
Integral Business Model Implementation Methods

- Governance & Strategy
- Risk & Innovation
- Scenario Analysis & Transition Planning
- Roles & Strategic Leadership
Incorporates/ applies know-how of other Blueprints
Focuses on the design of ‘integral’ business models
Enables scalability and ‘thriveability’
Supports Transformation Journey Program
Preamble:

1. This template refers to Integral Business Model Design. The term integral is explained in the template through eight general characteristics. This is the starting point and the end point of this work template.

2. The process workflow of designing a business model based on a ‘integral’ approach is furthermore following known categorizations of phases like ideation, prototyping, go-to-market, evaluation (improving & adapting).

3. Other tools like the ones in the template can be used in parallel if the organization feels more comfortable with it. Reporting 3.0 however refers to tools that it has developed in its set of blueprints, and by that also showcasing how they are of specific value for the creation of an integral business model.

4. The different phases are first explained in more depth in the left columns of the template, and then a set of hands-on statements is trying to find out the level of existing readiness to design an ideal ‘integral’ business model.

5. So far we haven’t seen, integral business models’ yet. That is not a surprise as this Blueprint and its template offers an innovation, not yet explored in the literature, but necessary if we design our future economic system and related business models in an integral way.

6. The outcome of the use of this template can be understood as a gap analysis. The scoring is an attempt to show how far you are away or close to be ‘able’ to transition towards our understanding of an ‘integral business model’. A low score should not be seen as a disappointment, but as a point for improvement towards future-readiness of a business model.

7. All steps in the journey towards that ‘ideal’ situation can be supported by the whole set of Reporting 3.0 Blueprints, depending on how you design your process to come closer.

8. Most of all, feel inspired, not frustrated. You are on to something ‘grand’, and it should sparkle ideas on next steps to take.

<table>
<thead>
<tr>
<th>PHASE</th>
<th>IBM Focus</th>
<th>Flowchart Assessment Area</th>
<th>Explanation</th>
<th>Self-Assessment</th>
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<tbody>
<tr>
<td>IBM FRAMING:</td>
<td>An Integral Business Model (IBM) differentiates itself through a design that integrates 8 mutually reinforcing general characteristics:</td>
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<td></td>
<td>- Poor scale (Tribe / Micro / Macro)</td>
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<td>- Contextualized</td>
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<td>These elements partially overlap and describe a mindset in which missing one of these elements means not being fully integral (please refer to the DP for further explanation of the 8 key characteristics. This thinking sets a frame for all tools, discussions and decisions that the organization will have to make.</td>
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<td>1. The organization takes into account that its business model has impacts on the supply and demand side of its value cycle (in a circular framing) and that impacts can happen on initial level (organizational level), lifecycle level (industry/habitat/portfolio), and is also dependent on microeconomic system framing. This frames an altitude of ambition of connectedness and clear communication to ‘do good’ with impact on all these levels.</td>
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<td>2. The organization has clear (initial) know-how and related ambition to showcase how sustainable, regenerating and thriving it is.</td>
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<td>3. Given the first two general characteristics the organization has a clear purpose that is understood throughout the organization.</td>
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<td>4. The organization understands that while it is creating a business model that needs to survive in current economic system conditions it would thrive better under ideal economic system conditions. The level of awareness of adaptability of its business model (from now to then) is therefore always in focus and aims at scaling up positive impact.</td>
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<td>5. It is conscious in its use or different forms of capital, including natural capital, human capital, social capital, manufactured capital, intellectual capital, etc., in an attempt to learn what its ‘total contribution’ is.</td>
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<td>6. It is lead with clear purpose and direction by leaders that aim high and are aware of the totality of the eight general characteristics.</td>
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<td>7. The viability-focused means that there is an understanding of the shortcomings of sustainability as operationalized in most companies and that there is move to do than doing less harm. It addresses the need to initiate a climate that allows transformation and support of the leadership to close the sustainability context gap.</td>
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<td>8. It makes the most use possible of synergy with other organizations, meaning that thinking often takes place in networks, triangulations, and (r-o) more conventional ~ circular/sharing/collaborative business settings with a clear ‘sphere of impact’ that should be achieved.</td>
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TIP: Design a vision and mission statement that sets the tone of wanting to be an ‘integral’ business. It is a reference point for everything that you will design, like a best friend reminding you of what is at stake.
Integral Business Models Case Examples

IT Industry

Textile Industry

Energy Industry
Welcome to Blueprint 5 – The Transformation Journey Program

THE r3.0 TRANSFORMATION JOURNEY - A MOUNTAIN CLIMB

The r3.0 Transformation Journey presents a set of Blueprints on Reporting 3.0 solutions developed over the last 10 years. By tailoring a new portfolio of solutions to fit the different actions needed, by way of a new vision for unknown territories.

The concept is based on the Transformation Journey and will include implementation, which will utilize the latest and greatest positive maverick partners.

Additionally, we are looking for areas where we need to strengthen necessary infrastructure and so forth.

THE RIGHT FRAMEWORK

- Are the SDGs, the Paris Climate Treaty a lever to break through ‘predictory delay’ in core processes?
- How can the frameworks be used to chart steps and shift to transformative?
- Where are the limitations of international agreements and what is the role of precompetitive networks?

THE PLANNING

Weather can change rapidly in the climate change not life-threatening – endeavor. Have a continuous monitoring is vital. Reporting 3.0 governance and leadership as key. Implement your findings into a future.

DEEPTENING UNDERSTANDING

- Who are my stakeholders in the climate change
- Which thresholds & allocation activities now and in the future
- How to deal with risks in the climate change
- What changes in governance are necessary?

THE MOUNTAIN TOP

Congratulations, you and your team made it to the top! Your company or organization is transforming and is actively contributing to a Green, Inclusive and Open Economy. You can now share your achievements, act towards systemic design change and encourage others to follow your path.

NEW ECONOMY

- What is a Green, Inclusive and Open Economy?
- Why do we need to shift our scope from stakeholders to rights holders?
- What is the role of risks, thresholds & allocation?
- Why is it desirable, what is in for me?
- What can I contribute to reach that goal?
From wanting change – to personal change – to leading change

JOIN THE r3.0 ACADEMIC ALLIANCE