

BUSINESS SUSTAINABILITY BOOSTER



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Sustainability Integration
for Business Model Canvas

Business Sustainability Booster

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OVERVIEW:

The Business Sustainability Booster (BSB) helps entrepreneurs and business students integrate sustainable principles into the entire organization. It provides a set of thought-provoking questions which help to identify social and environmental threats and opportunities. Those familiar with the Business Model Canvas (BMC) will see that it is built off the same structure however, familiarity with the BMC is not required.

BACKGROUND:

The *Business Sustainability Booster* is intended to supplement the Business Model Canvas (BMC), which is available for free via Strategyzer.com under the Creative Commons license and described in detail in the book, *Business Model Generation* by Alexander Osterwalder and Yves Pigneur. The Business Model Canvas is a tool to help entrepreneurs refine their business concepts, but it is neutral on issues of corporate responsibility and sustainability. This *Business Sustainability Booster* asks questions that entrepreneurs should consider as they design their business models to maximize their benefit to society and the environment.

This set of *Business Sustainability Booster* cards was created by Marsha Willard, Core Faculty at Presidio Graduate School, and Darcy Hitchcock under the direction of Jill Bamburg at Presidio Graduate School under a grant from the Lemelson Foundation. It leverages the Business Model Canvas created by Strategyzer.com which asks that any derivative work be licensed under the same Creative Commons license.

ABOUT PRESIDIO GRADUATE SCHOOL:

Presidio Graduate School offers MBA, MPA, and Dual Degrees in Sustainable Management. The school disrupts traditional teaching methods and helps innovative thinkers collaborate and form critical bridges between public and private sectors so they can tackle the world's greatest problems as entrepreneurs, public servants, or public servants.

Presidio Graduate School is the sustainability powerhouse of higher education with over 1,600 alumni from the combined MBA and MPA programs of sustainable management in San Francisco, Bainbridge Island, and Seattle. Learn more at presidio.edu.

How does BSB work?

The Business Sustainability Booster consists of a set of 30 cards each of which is linked to one of the nine components of the Business Model Canvas. Each card contains three sections:

1. **Broad Benefit** – a description of the critical sustainability issue related to the business model component
2. **Why this question is important** – the business rationale for why and how this issue is of strategic importance
3. **Considerations** – more detailed questions intended to elucidate the issue and help an entrepreneur think through the implications for his/her own situation

SAMPLE AUDIENCES:

The cards are designed for a broad array of entrepreneurs including traditionally-minded entrepreneurs who may not have considered issues of sustainability as well as social entrepreneurs or entrepreneurs working in both developed and developing economies. The selection of cards and their use may vary according to the audience at the discretion of the facilitator.

Facilitator Tip:

Use your judgment about the best way to use the cards for a particular audience or situation. Consider these recommendations for different audiences.

1. Traditional Entrepreneurs

Traditional entrepreneurs, especially those in the start-up phase, will be focused on their core business. Presenting all the cards at once is probably not a good idea as they may find all the questions an overwhelming distraction. However, you might use them to:

- **PINPOINT KEY TOPICS:**
Pull out a few cards that address suspected blind spots, particular risks or threats, and add them to the standard questions in the Business Model Canvas or as part of a business planning process.
- **INITIATE A ROUTINE EXERCISE:**
Randomly pull out a card for managers to discuss as a warm up to business meetings.
- **PROMOTE TEAM BUILDING:**
Assign a card to small groups during strategic planning meetings and ask each group to report out any insights or ideas gained from their discussions.

2. Social Entrepreneurs

focused on issues of underdeveloped communities

These entrepreneurs are focused on solving a particular issue in their communities (e.g., access to clean water, healthcare, etc.). They are different from traditional entrepreneurs in that they are trying to ‘do well by doing good.’ These cards may help these entrepreneurs avoid unintended negative side-effects. With this group we suggest you:

- **ELIMINATE ADDRESSED & IRRELEVANT ISSUES:**
Weed out cards that represent ideas already embedded in their business plan or issues likely inappropriate for their situation because they speak to customer segments in the developed world.
- **EXPLORE IMPACT POTENTIAL:**
Identify cards that might help the entrepreneur stretch their business concept to have greater positive impact. For example, if the enterprise is largely social, present them cards related to environmental and economic opportunities they might have overlooked.

3. Social Entrepreneurs

working in developed nations

These entrepreneurs will have similar issues as those working in underdeveloped communities, except that the cards that seemed irrelevant for developing countries are likely the ones that are appropriate for this group. See the bullets above.

4. Sustainability-focused Entrepreneurs:

These entrepreneurs are like social entrepreneurs except that they may already have considered many of the social and environmental issues presented in the cards. They want to use multidisciplinary approaches to solve systems of problems that cross over social, environmental and economic issues. These individuals may benefit from reviewing all the cards. You may want to:

- **USE BSB TO COMPLETE ALL NINE BMC SEGMENTS:**
Introduce a couple of the cards associated with each of the Business Model Canvas blocks as they work on each.
- **APPLY BSB AFTER BMC COMPLETION:**
Or wait until a first draft of the canvas is completed and then break managers into groups to address a handful of cards each. Then reconvene to see what recommendations for change they would suggest.

5. Business students:

Business students should be exposed to all the cards so they understand the breadth of issues, risks, and opportunities that a sustainability strategy affords. You might be able to use the cards to:

- **TEST NEW CONCEPTS:**

Work through their own business ideas, in conjunction with the traditional BMC questions.

- **ASSESS REAL SCENARIOS:**

Analyze case studies. Hand out a handful of cards to teams working on a case study and see if they uncover business opportunities that the case examples missed.

- **APPLY LEARNED SKILLS:**

Facilitate the use of the cards in one of the ways described for the other audiences above with their own employers, during summer internships, or with project-based learning opportunities in the community.



INSTRUCTIONS:

We have created this electronic file for your use. You will likely want to print the 'cards' or pages out when you use them with clients. Since this is all about sustainability, however, we had some thoughts about how to minimize your environmental footprint:

- **FORTIFY THEM FOR REUSE:**

Contact Presidio Graduate School at booster@presidio.edu to purchase a laminated set. Or, if you are likely to use many or most of the cards, you might print the entire set on card stock or laminate them yourself so they can be reused. You can put them in a binder and pull out only the ones you need. It may help you to print each category of cards on different colored paper stock, which will make them easier to reassemble. However, the pages are numbered.

- **PRINT ONLY WHAT YOU NEED:**

If you are likely to pick and choose cards, you may want to just print those pages for each client and recycle them at the end of the exercise.

- **USE PRINTED CARDS FOR NOTES:**

Of course, you can print the entire set each time you use this tool which will allow participants to make notes on the documents. Please remember to recycle them afterward.

SUMMARY OF THE CARDS

The chart below summarizes the sustainability-related questions *Business Sustainability Booster* adds to the nine segments of the canvas. There is one 'card' for each. This advance organizer may help you determine which cards/questions will be most relevant to your client. On the following page, we also provide a listing of the Category, Issue and Question from each card. This can also help you choose the best questions and find them in the set, but the list also might be useful for your clients to review so they too can identify intriguing questions they want to explore.

Key Partners Competitors Vendors/Suppliers Employees NGO's Communities Government/Regulators Owners/Investors/ Grantors Industry Transformation Organizational Structure	Key Activities Product/Service Design Processes Facilities	Value Propositions Broad Benefit Mindful Impact Customer Behavior Branding Sustainability	Customer Relationships Honoring Customers Transparency Emerging Needs	Customer Segments Importance Access
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VALUE PROPOSITION

Broad Benefit

What could be the larger value proposition beyond the immediate customer need we could meet?

Why this question is important

Primarily your purpose is to meet a customer need, but conscious companies understand the *full* impacts of the products or services they introduce into society. Taking a systems thinking approach may allow for the discovery of other positive, unintended benefits that enhance the value proposition of an offering, expand markets and make positive contributions to the world. Following the growing trend among consumers who expect business to do more than just make a profit, this examination of multiple potential benefits also helps build a more widely accepted brand image.

Considerations

- How might our product or service further enhance the quality of life (e.g. health, safety, accessibility, education) of our customers beyond its immediate benefit? How might we refine the business model to contribute even more to their ability to thrive?
- Are there opportunities for our product/service to contribute to the solution of larger social or environmental problems beyond its primary purpose?
- In what way does promoting these multiple benefits improve our brand?

Notes:





VALUE PROPOSITION

Mindful Impact

Does our product inadvertently create new problems or needs in its attempt to solve an existing problem or need?

Why this question is important

Presumably any product or service brought to market is attempting to meet a need or solve a consumer problem. Sometimes, however, products that meet one customer need, may inadvertently create another problem in the process. Food products, for example, that satisfy consumers' tastes sometimes contribute to health problems like obesity and high blood pressure. Other products *manufacture* needs that may not really exist, creating unnecessary expenses for unsuspecting consumers who may not be able to afford them. These negative side effects can tarnish brand image when they come to the attention of the media, the public, regulators and/or customers.

Considerations

- Does our product or service potentially create any new problems for the customer? What are the full impacts beyond the intended one? How might we mitigate them?
- Does our product or service create any new problems in society or the environment? How might we mitigate them?

Notes:





VALUE PROPOSITION

Customer Behavior

How can our product or service help our customers be more sustainable?

Why this question is important

For many products or services the biggest impact is in how their consumers use them or behave in the process of using them. Insurance companies, for example, typically have a low environmental footprint in their operations, but can have a huge impact in how their customers behave through the design of their policies. They can influence how much or what people drive, where and how they live, and how healthy their life styles are just through policy design.

Companies have an enormous opportunity to encourage more sustainable behavior in their customers by the way they design or shape their offerings. This in turn creates a growing demand for sustainable products and services. As customers' behavior change, their interest in similar sustainable behavior increases. This "virtuous cycle" moves the world in a more sustainable direction and builds market opportunities at the same time. Renewable energy, for example, is the fastest growing sector in energy in the US; the same is true for organic food.

Considerations

- What are the negative impacts associated with *using* our product/service? How are our products/services actually used or consumed? How much water, energy or other materials will get consumed when customers use them? How might we reduce these impacts?
- What are the negative impacts associated with disposal of our product? What are the options our customers have for disposing of our product at the end of its life? Are we creating a waste disposal problem? Can we design our product/service to be part of a 'circular economy' where all waste streams become resources?
- What positive customer behavior changes does the use of our product or service encourage? Does our product or service encourage our customers to use less energy or water? Recycle more? Be healthier? Generally, have a lower impact? How might we quantify those sustainability benefits in a way that enhances our brand? In what ways might our product or service build a sense of community, relationships and trust (ie, social capital)?

Notes:



VALUE PROPOSITION

Branding Sustainability

What sustainability related issues are going to be an important part of our value proposition? Will sustainability be key to our brand?

Why this questions is important

Increasingly consumers are expecting businesses to provide a social and/or environmental benefit (beyond making a profit for its owners). They are acting on this value with their buying decisions. Businesses should be conscious of whether they want to cater to this trend. If so, they can lay a stake to this market by positioning their offering as socially conscious and/or environmentally friendly. Entering this market requires having a compelling and honest story about what the product or service does and does not do to fulfill a claim on sustainability.

Sustainability does not resonate with all customer segments, however, and certain issues may have higher perceived importance in certain communities. So it's important to think through how to position your brand, products and services.

Considerations

- If we linked sustainability to our brand, what impact would this market position have on our ability to sell? Will we be reaching the market we want? Will we be excluding any other markets that we want?
- What aspect of sustainability are we linking our brand to? For example, will we focus on certain social issues (e.g., women's empowerment, literacy, asthma) or environmental issues (e.g. climate change, species depletion)?
- Will our entire offering be sustainable or only one or two offerings/products? If only part of our offerings are sustainable, will this undermine the credibility or attractiveness of our other offerings?
- What legitimate claims can we make now and in the near future? What evidence would back up those claims? How do we compare in sustainability performance against our competitors?
- If we decide to focus on a particular issue within sustainability, how can we ensure that we don't make other parts of the system worse? If, for example, we focus on toxic elimination, how can we prevent contributing to another issue like inequality by making products too expensive for large segments of the market?

Notes:



CUSTOMER RELATIONSHIPS

Honoring Customers

How can we best honor our customers for who they are?

Why this question is important

While some businesses hope to have ongoing relationships with customers (e.g. personal care products and software), others may be temporary (e.g. building contractors and surgeons). But in all cases customers want to feel the company empathizes, appreciates and adds value to their lives. No one likes to feel manipulated.

In advertising, for example, Dove Campaign for Real Beauty attempts to build girls' self-esteem, moving away from the traditional cosmetics strategy of making customers feel insufficient.

A lack of familiarity with culture, language and norms can also lead to product launch failures. Strong, positive relationships can create a foundation to uncover potential cultural mismatches.

Considerations

- (Empathy) What cultural differences (e.g. political beliefs, gender identification, ethnicity, religion, language, values) are we likely to encounter and how can we deepen our understanding of those differences to develop empathy with all our important customer segments? How can we ensure our staff diversity will reflect our customer base so all will feel welcome?
- (Appreciation) How can we demonstrate appreciation for our customers?
- (Value Added) How can we make this not simply a commercial transaction but add value to our customers in multiple ways?

Notes:



CUSTOMER RELATIONSHIPS

Transparency

What information would customers want to develop a trusting, honest relationship with us.

Why this question is important

Most of a business' value can be in brand image and goodwill. The importance of customer trust, feedback and word of mouth has never been more important than in this age of social media. Trust is built on openness, consistency, and follow-through. Figure out what might be important to customers in their decision making process and make it easy for them to access credible, timely and accurate information. It can take years to develop trust and one misstep to lose it.

Considerations

- (Openness) Is there anything about our business model that might cause concerns amongst some of our customers (e.g. ingredients, labor issues, lobbying)? Is there anything about our practices or our associations that would embarrass us if it were made public? If so, how can we change our model to eliminate these concerns?
- (Consistency) In what ways can we 'walk our talk,' demonstrate our commitment to our values and mission? Do we do what we say and say what we mean all the time?
- (Follow through) How can we be sure we deliver on all our promises? What regular practices do we need to implement to assure we continuously share critical information?

Notes:



CUSTOMER RELATIONSHIPS

Emerging Needs

How might we stay connected to customers, even after the current commercial relationship has finished, so that we can gain insights to their emerging needs?

Why this question is important

It is easier to keep a customer than to find another. Even if your business model is project-based where the engagement comes to a logical conclusion, it can be helpful to monitor how the customer uses the product or what that solution has revealed about their next needs. For example, architects might benefit from revisiting their jobs a year later to learn how the building is operating and get feedback about the features. This follow-up is key to learning and continuous improvement. If your customers were unhappy with your offering, they likely won't complain to you; only their friends and colleagues. So if you want honest feedback, you may have to ask. Innovative new business products and services can emerge from insights gained from a follow-up, guarding against complacency.

Considerations

- How can we best engage each customer segment during our commercial relationship, while we are doing business, so that we gain insights into their emerging needs?
- How might we stay in touch with our customers in a way that seems natural and supportive to them after our initial interaction to gain important insights about our product's or service's effectiveness and our customers' evolving needs?

Notes:





CHANNELS Impacts

What are the impacts of our channel choices and how might we mitigate them?

Why this question is important

The choices businesses make about channels will not only affect their environmental footprints but also customer impressions and accessibility. Do customers have to drive to an establishment to get a product or can they order online or get the service virtually? Will the sales force crisscross the country to meet face-to-face with prospects or can they meet virtually and plan their travel with the same eye to logistics as one would a supply chain? Will materials travel long distances from far-flung suppliers or can materials be sourced and produced locally?

Examine the environmental impacts associated with your channel options and choose channels that will maximize convenience while also minimizing the impacts associated with the buying process.

Considerations

- What will the likely environmental impact be for each of the channels we are considering (e.g. travel, transportation, energy, waste generation)?
- How might we provide incentives for our customers to use the lower-impact channels when feasible (e.g. provide a discount for online transactions or reimburse bus tickets but not parking)?
- How might we reduce the impacts of the higher-impact channels (e.g. siting manufacturing or product showrooms closer to the customer, reducing the energy needed in travel/transportation, redesigning packaging, providing for back-hauling) and what other business benefits might come from those actions?

Notes:





CHANNELS **Accessibility**

How might we provide channels to make it easier for the underserved to gain access to our product or service?

Why this question is important

The channels a business chooses can create barriers to some customer groups. Considering these barriers while designing the channels can increase sales. These barriers come in many forms: physical disability, language preferences, literacy, access to technology and cultural mores. If you want to make the biggest difference in society and reach a broader market, you need to find ways to make it easy for the underserved to buy. (See also Customer Segments: Access and Revenues: Sources of revenue.)

Considerations:

- What might be the biggest barriers potential customers who need our product/service might encounter? (Refer to your answers to Customer Segments: Access)
- How might we create or modify our channels to remove those barriers, making it easier for them to benefit from our product or service?

Notes:





CUSTOMER SEGMENTS

Access

How could we adjust our business model to serve potential customers who have barriers to purchasing our product/service?

Why this question is important

Ability to pay should not be the only criterion used to provide products and services critical to human, social or environmental well-being. The animals can't pay for habitat protection; lower income populations may not be able to pay for education or vaccines. But this too applies to more mundane needs. The sad truth is that those earning the least pay proportionately more for banking services, personal care products and energy than middle or high-income earners. Viable 'Base of the Pyramid' business models are being developed to provide needed products and services for the underserved in developing and developed countries alike.

Considerations:

- Which customers might face barriers to buying our product/service (e.g. financial resources, language, technology, cultural)?
- How might we change our business model to be better able to serve those most in need of our product/service? (See also Revenue: Sources of revenue and Channels: Accessibility.)
- Might our business model include a multi-sided design, in which those who pay money are different from the end-beneficiaries?
- In what ways can we use a subscription, pay-as-you-go, or other financing mechanism in order to make our offering more affordable to more people?

Notes:





CUSTOMER SEGMENTS

Importance

How important is sustainability to each of our customer segments?

Why this question is important

A business needs to know their customers and what they care about so they don't promote features the customer doesn't care about. In some parts of the world the LOHAS (lifestyle of health and sustainability) market has been growing over the last two decades. These customers cross over traditional market segments. Some of them may be passionate about it, some neutral, and some may find the concept distressing. Certain customers will be interested in sub-issues.

There are companies for which sustainability is core to their brands and they target the LOHAS market. For other companies, sustainability may not be a core strategy, but portions of their market segment may be part of this LOHAS movement. Those organizations need to decide how best to address the concerns of this ever-growing market. (See also Customer Relationships: Transparency and Value Proposition: Branding)

Considerations

- To what degree do we want to target the LOHAS market?
- How will we position our product/service to appeal to this market?
- What message will resonate best with this segment?
- How would we adapt our message to those customers for whom sustainability is not an interest?
- What claims to sustainability can we honestly make about our offering?

Notes:





COST STRUCTURE

Return on Investment

What is the expected return on investment for pursuing sustainability as a business strategy?

Why this question is important

It's important to have a business case for pursuing sustainability that includes traditional return on investment. It's not enough to want to do the right thing. Some stakeholders will want to know how this will make or save money and improve competitiveness for the business. While sustainability is now a household word, pursuing it will require time and effort, training, and some trial-and-error. Try to predict where the savings (or additional sales) may come from to more than offset those costs.

Considerations

- What additional costs might we incur to pursue sustainability (e.g. staff training, consultants, staff time to build sustainability plans, track metrics, and write reports)?
- Where might we incur savings or increase sales by pursuing sustainability (e.g. attracting/retaining talent, finding efficiencies, reducing risks and insurance costs, inventing new products/services)?

Notes:





COST STRUCTURE

Externalities

What externalities is our business creating or dependent upon and how can we best manage the risks associated with them?

Why this question is important

Externalities are costs created by the business but paid for by someone other than the business or its customer. For example, employees not paid a living wage may be forced to use government programs for food and healthcare, pushing costs onto the taxpayers. Manufacturers that make a toxic product leave municipalities to cover the cost of managing disposal or paying for the impacts of those emissions. Poorly managed forestry operations don't pay for the damage to streams and fisheries when silt runs off their clearcuts.

Understanding externalities can help a business understand their risks. Externalities can often be predictors of future regulation. For example, concerns about climate change may soon result in a price on carbon. They may also result in litigation. For example, tobacco companies got sued by some states in the U.S. for healthcare costs.

These externalities can make unsustainable products seem like they cost less than more sustainable options, only because all the costs are not included in the price. However, if an industry can agree to internalize those externalities, normal economic forces can drive society toward sustainability rather than away from it, without undermining the competitiveness of a single enterprise trying to do the right thing. Even if an industry hasn't acted, individual firms may benefit from accounting for those externalities internally. (For example, some businesses have found that creating an internal carbon trading system can drive divisions to be more energy efficient.)

Considerations:

- What externalities are caused by our industry or our enterprise? What are our company's direct and indirect impacts and dependencies on the environment and society?
- How might we minimize these externalities (e.g. through changes in product design, processes, channels)?
- Can we internalize some of those externalities while enhancing the value of our product/service and covering their cost?
- What industry standards would be necessary to create a 'level playing field' that makes the world better, not worse, environmentally, socially and economically when customers buy our product/service?

Notes:



REVENUE

Sources of Revenue

What revenue streams could be leveraged so that all who need our product or service could have access to it?

Why this question is important

To do the greatest good and reach the broadest market, an enterprise may need to find ways to make its products and services affordable, not simply to sell to those who can afford it. Some services are supported by ad revenue, allowing the service to be offered for free. Others subsidize lower-income customers with higher-paying clients. Some large corporations see the potential for growth not in saturated markets in the developed world but rather 'base of the pyramid' customers who may live on less than \$2 a day. These challenges to access can drive innovation as well as revenue.

Considerations

- What customer segments might need but not be able to afford our product/service? (See Customer Segments: Access.)
- How might we structure our revenue streams to make it affordable for these markets (e.g. subsidize it with other revenue streams)?
- Which business models (e.g. Freemium, hybrid, non profit, public/private partnership) might provide the highest benefit to the majority of partners/stakeholders?

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REVENUE

Distribution of Revenue

What is a fair distribution of revenues to each stakeholder?

Why this question is important

Depending on local economic systems and the legal structure of the enterprise, a business can inadvertently under mine its own long-term viability by contributing to the concentration of wealth in society. If the business model hollows out the middle class or causes customers to go into deep debt to buy its products or prevents suppliers from earning a living wage or investors from earning a fair return, the organization undermines the foundation of its success. Enterprises should consider what portion of sales should ideally go to each stakeholder group (shareholders, employees, key partners, community, etc) to maintain the long-term viability of the entire system upon which their business model is built.

Considerations:

- (Executives and employees) What is the ideal differential between executive pay and the lowest paid employee so that those taking the greatest responsibility and making the biggest contributions are rewarded, but all employees earn a fair, competitive and living wage?
- (Suppliers) What is a fair price to pay for resources so that suppliers can live up to fair labor practices and sustainable environmental standards?
- (Investors) What percentage of profits should be returned to shareholders/investors versus reinvested in the enterprise?
- (Communities) How much should be invested in the communities in which we operate through local purchasing, philanthropy and service? How much will we invest in natural resources, infrastructure, local economies, human welfare, etc. to ensure resilience of the systems we depend upon?

Notes:

KEY PARTNERS

Competitors

How can we use sustainability to differentiate ourselves from our competitors?

Why this question is important

Unless an organization has a product or service that has never been offered before, there is likely another organization doing something similar. Unless a business can provide a compelling distinction (e.g. better price, performance or image), it will be difficult to steal market share. Sustainability can help distinguish a product or service and tap into the growing segment of buyers for whom “green” or “sustainable” is a buying criteria.

Considerations

- How does integrating sustainability into our product or service provide us an edge or distinction?
- If our competitors are already touting sustainability, will we look legitimate in comparison? Is there a gap in their claims that we can fill? Can we be more sustainable? Or can we match their claims while offering a better price or performance?
- If we take this position, what might be the likely reaction of our competitors? How would we manage challenges to our claims or attempts to copy our position?

Notes:



KEY PARTNERS

Owners/Investors/Grantors

Who are the primary providers of financial capital for our business and to what degree do they support a sustainable business model?

Why this question is important:

The people or organizations that provide capital can influence if not determine the core vision and values of an organization. Misalignment on these fundamental issues can derail the best intentions of entrepreneurs. While their investments can be critical to the launch, it is important to think about the long-term relationship and how their involvement will determine your direction.

Considerations:

- Which investors would share our values and vision?
- What needs or concerns of theirs will we be obliged to address and how can we meet their needs while also benefitting other stakeholders?
- What influence will these stakeholders likely have over our enterprise? How can we ensure this furthers and doesn't detract from corporate responsibility?
- What information will we need to share with them and how can we best facilitate that exchange?

Notes:





KEY PARTNERS

Vendors/Suppliers

What would we need of our vendors/suppliers to support a sustainability strategy?

Why this question is important

Suppliers have a strong influence over the inputs to any product/service. An organization's performance is, in many ways, only as good as their suppliers. The reputation, the security of the inputs, the final footprint and impact of a business' offerings is largely dependent upon the products and services suppliers deliver.

Supplier performance impacts an organization's sustainability in three ways. First there are the products they supply. Organization's seeking to create a sustainable product will need sustainable inputs. Progressive organizations work closely with suppliers to help them improve the sustainability of the materials they produce. Second is the behavior of the supplier. Too many businesses have been caught in the cross hairs of public scrutiny not for things they have done, but for the unfair or unscrupulous behavior of their suppliers and those in *their* supply chain. Third, how the relationship is structured with suppliers can enhance or hinder both organizations' ability to be sustainable. For example, automakers can buy paint (which creates an incentive for the paint supplier to produce and sell more paint) or painted cars (which carries a built in incentive to use paint most efficiently).

Assessing suppliers through a sustainability lens can also reveal vulnerabilities or risks to supply chain interruptions. Suppliers may themselves be at risk to social, geopolitical or environmental pressures. Assess as well how balanced the relationship is. Reducing

the number of suppliers may reduce costs, but it can also increase the risk of supply disruptions caused by social, economic or environmental changes. For example, when the tsunami hit Japan in 2011, both automakers and electronics firms discovered how vulnerable they were to supply disruptions of certain components made there. Conversely, suppliers that depend on the business of only one customer or industry may jeopardize the jobs and communities they support. Strive for synergies and mutual benefit, not dependency.

Considerations:

- What materials are sourced externally and how well do they align with our sustainability goals? Can we work with any of our suppliers to help them provide us more sustainable inputs?
- In what ways can our supplier performance impact our product, service or brand image? What do we need to know about how they operate and where they source *their* materials? Is there anything about their behavior or image that could taint ours? Do our vendors employ acceptable labor practices?
- How far away are our vendors and in what regions of the world do they operate? What are the geopolitical risks and what should we do to manage those? Can we reduce distances to reduce environmental impacts as well as lead-times?
- What is the resiliency of our relationship? How dependent will their existence likely be on our business? How dependent do we want our business to be on their existence?
- What role could our suppliers play in the design of our products and our ability to produce sustainable products and services?
- What do we do that encourages them to be more sustainable? What is the structure of the relationship? How can we encourage resource efficiency and social benefits?
- What information will we need to share between us and how can we best facilitate that exchange? What do they need to know about us and what do we need to know about them and their products?

Notes:



KEY PARTNERS

Employees

How could we ensure internal social sustainability for our employees?

Why this question is important:

While employees likely represent the biggest expense, they also add the greatest value to an organization. Social entrepreneurs often forget to consider *internal* social sustainability. Poor job design, lack of empowerment and ownership, and rigid hierarchies can undermine employee commitment and innovation. Enterprises should design their processes and policies so that they enhance job satisfaction, not undermine it. Leaders must model in their day-to-day actions the values they profess. Committed, loyal, competent employees maximize productivity and ensure the resiliency of operations.

Considerations

- Do we have an opportunity to hire employees from disadvantaged or underrepresented populations?
- How can we ensure that we offer living wage and critical benefits?
- How can we create vibrant, healthy and safe workplaces that contribute to the quality of life for employees? How can we build loyalty, commitment, enthusiasm and initiative amongst employees? What do we need to do to attract and retain the talent we need?
- What values and norms do we want to propagate amongst our employees? What kind of workplace culture do we want to consciously create to promote healthy lifestyles, collaborative working relationships, low bureaucracy, values based policies and a culture of empowerment?
- What information should be shared between us and how can we best facilitate that exchange? How much information will we share to help make them valuable contributors?

Notes:

KEY PARTNERS

Communities

How do we define 'community' in our context and how could we add value to our community?

Why this question is important

Every organization is rooted in a community. Sometimes that community is small (e.g. the immediate neighborhood of the business) and sometimes it is huge (e.g. multi-national corporations that operate in communities all over the world). These communities often have sway over operations through local regulations and policies. They are also a source (or at least potential source) for both employees and customers. Their acceptance of an organization can be critical to operations and even the very existence of an organization as they literally hold its license to operate.

Problems in the community in which a business operates may seem separate from the business' interests, but systems thinking teaches that all aspects are connected. It can be wise to help address local challenges and

contribute to the vibrancy of the communities in which a business operates.

Considerations

- What challenges are facing our community? What are the prevailing attitudes and culture? How might these issues influence our ability to operate?
- How might our operation impact the lives of the people in our vicinity? Is there anything that we do that hinders our neighbors' ability to lead quality lives and if so, how might we mitigate those?
- How can we help improve the community? How can we ensure the health and safety of those in our communities?
- What information needs to be shared between us and how can we best facilitate that exchange?

Notes:





KEY PARTNERS

Governments/Regulators

Which governmental entities will likely impact our business and are they likely to help or hinder our efforts to be sustainable?

Why this question is important

Governments literally hold the license to operate for any business requiring it to operate within all applicable laws and policies. Business may have influence over legislation through lobbying, but in the end, they must abide by the law. Sustainability practices can help enterprises foresee and prepare for future regulations. For example, when CFCs became a concern because of the growing ozone hole, some businesses made investments to switch to HCFCs; however, a sustainability perspective would have revealed that as a short-term fix, not a long-term solution. Don't waste time and money on dead-end technologies. Smart organizations often find it cheaper and more effective to anticipate regulatory trends and take proactive action to prepare for them so they can be in a competitive

position when the new regulations are put into place. Designing operations to minimize unfavorable or unsustainable impacts will avoid practices that could come under scrutiny or attack.

Considerations

- Which governing bodies might influence our operations and what are their primary concerns or needs?
- How can we stay ahead of restricting regulations? How can we use this position to our advantage in the market?
- What influence do we have in helping to shape the regulatory environment? How can we encourage legislation or policy changes that will simultaneously benefit us and the common good?
- What information needs to be shared between us and how can we best facilitate that exchange?

Notes:



KEY PARTNERS

Non-governmental Organizations

lend us in our market? What additional stakeholders might they connect us with?

- What information needs to be shared between us and how can we best facilitate that exchange?

Notes:

Which NGO's might influence our operations and are they likely to help or hinder our efforts to be sustainable?

Why this question is important

Organizations often overlook this particular stakeholder because they seldom have direct contact or exchange with them. However, NGO's are more frequently setting their sights on businesses with the aim of making them conform to the social or environmental needs the NGO's represent. Smart businesses are preempting attacks from NGO's by partnering with them to address their concerns proactively and create win-win outcomes.

Considerations

- Which NGO's are likely to have the greatest concern about and influence over our operation? How might we get ahead of their issues?
- What expertise might they provide us to help us address their concerns? What credibility might they



KEY PARTNERS

Industry Transformation

In what ways might we contribute to the transformation of our industry toward sustainability?

Why this question is important

Being the first or only organization in your sector to stake a claim on sustainability may give you an edge in your market, but eventually you will find that you can only go so far in your efforts to be sustainable before you encounter the constraints or limits imposed by industry practices. To reach sustainability, eventually the entire industry must come along, making sustainability the default way of doing business.

For example, certain areas of law still require signed, hard copies of legal documents while other areas of law accept electronic signatures. If all areas of law would agree to this simple convention, tons of paper could be saved. Identify where industry practices might limit progress toward sustainability and work to remove those barriers.

Considerations

- What business practices do we wish we could change but cannot because of industry standards and conventions?
- What role do we want to play in industry transformation? Who in our industry might be a good partner in helping us make change? Industry associations? NGO's? Suppliers or vendors? Competitors?
- What special knowledge could we share with others in our industry? In what ways could being a leader in sustainability help our industry and market image? Might offering our expertise in issues related to sustainability become an additional source of revenue?
- How will we maintain or improve our position in a transformed industry?

Notes:



KEY PARTNERS

Organizational structure

How might we structure our organization to maximize benefit to all stakeholders?

Why this question is important

There are many ways to structure an organization. Each type of legal structure is designed for particular benefits. Corporations, for example, are designed to benefit and protect owners and shareholders. But owners are but one stakeholder group to consider. Other corporate structures are gaining popularity because they are more inclusive of other stakeholders. For-Benefit Corporations (B-Corps) are legally structured to ensure that public interests are taken into consideration. Worker-owned cooperatives can build employee wealth, giving them a stake in the enterprise along with an increased commitment and sense of ownership. Having initial public offerings available only to local citizens can improve the community as the enterprise grows. Before following conventions from the past, enterprises should consider the alternative organizational structures that increase their benefits to all key stakeholders.

Considerations

- What legal structures are available in our jurisdiction (country, state/province, etc)? Which stakeholder groups does each structure favor and what stakeholders does it leave out?
- Which structure or combination of structures will maximize our benefits to society and align best with the values and vision for our enterprise?

Notes:





KEY RESOURCES

Materials

What are the impacts of the resources that we consume and how vulnerable are they to future pressures?

Why this question is important

All businesses consume resources, some more than others. Depending on what they are and where they come from, the harvesting, production, transportation or use of these materials could be creating negative social or environmental impacts. With population growth, climate change, and geopolitical uncertainties, certain resources may become more scarce or expensive in the future. Also, scientific studies may reveal certain negative impacts from human made substances, potentially leading to public concern or new regulations. An enterprise should examine the long-term risks to their key material resources.

Considerations

- What natural resources are we dependent upon? Are our inputs made from natural resources that are at risk of becoming scarce? If so, can we minimize those dependencies (e.g. through conservation, reuse, material substitution)?
- What human-made chemicals are we dependent upon? Are our inputs made from synthetic substances that lack assurances of environmental or human health and if so, can we source safer, more sustainable options?
- What criteria should we establish for determining acceptable inputs to our process?
- Where do our materials come from? Are we dependent upon just one or two sources for our inputs? Do our inputs come from unstable parts of the world (politically, environmentally, culturally, etc.)? Are there local, more sustainable options for our material inputs?

Notes:





KEY RESOURCES

Water

To what degree are we dependent on water to the manufacture, delivery or disposal of our product/service and if it is significant, how might we reduce it?

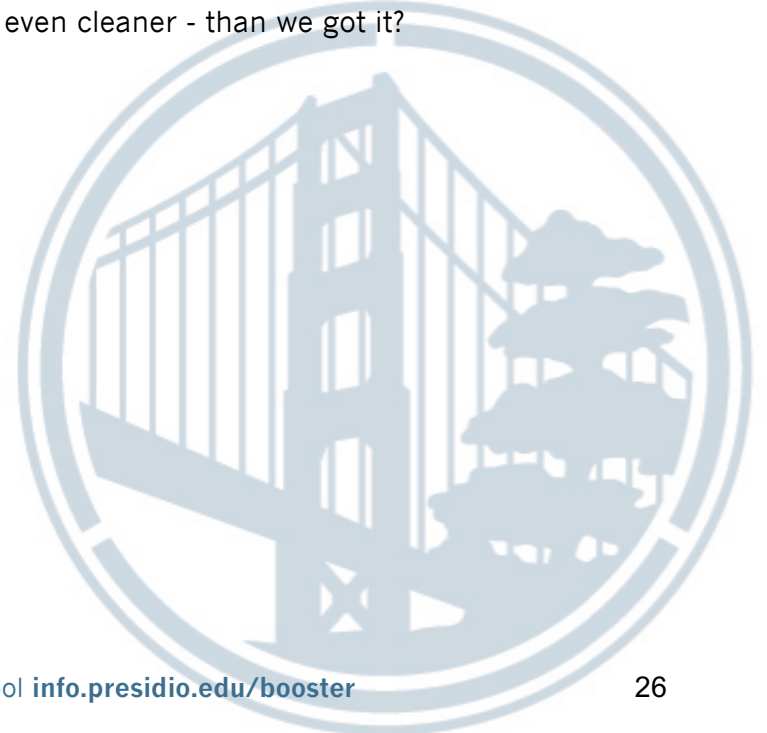
Why this question is important

Fresh water could possibly be the biggest concern for the planet in this century as all life depends on its continuous and immediate availability. Any business that requires a lot of water for the production or delivery of its offering should be keenly aware of the potential for its scarcity or regulated restriction. Businesses that use too much water, restrict access to it for society, or contribute to its pollution may become targets for public pressure or regulatory action.

Considerations

- How much water does our product or our processes require and does it come from sustainable sources?
- To what extent is water an issue in our communities? How available is water in our region? What would an appropriate and sustainable water footprint be?
- How much water will be 'embodied' in our products? Or in its use? Are there ways to design our products to make the best use of this precious resource?
- How pure does the water we use need to be? Can we use gray or recycled water?
- Do we affect the purity or temperature of the water we return to natural systems? How clean is the effluent after our use? Would it be possible to return our used water to the ecosystem in as clean a state - or even cleaner - than we got it?

Notes:



KEY RESOURCES

Energy

To what degree are we dependent on non-renewable energy as an input in the manufacture, delivery or disposal of our product/service and if it is significant, how might we reduce it?

Why this question is important

Clearly the world will eventually need to transition to renewable energy sources. Getting a jump on this - or at least not designing in dependence on fossil fuels - will serve any organization well. While in the beginning of the 21st century fossil fuels are still among the cheapest sources for energy, this will likely change and could burden many organizations with higher than necessary operating costs. Until that happens the world will experience significant price volatility for fossil based energy. If renewable energy is not locally available or currently affordable, consider designing your organization such that

it can easily and readily make the switch when the time is right.

Considerations

- How much energy are we likely to consume as part of our operations?
- Are there ways to design efficiency into our processes to minimize the need for energy in the first place?
- Where does the energy we use come from? Are there options for using renewable sources from the beginning to meet at least part of our needs? Can we build a long-term plan for transitioning to renewable energy?

Notes:



KEY ACTIVITY

Product/Service Design

In what ways can we design our product or service to be more sustainable?

Why this question is important

Sustainability is, at its essence, a design problem. Rather than trying to make a product “less bad,” smart businesses are designing sustainability in at the beginning solving problems at the front end instead of after the fact.

Considerations

- Is our product designed for sustainability and resilience in this fast changing world? Can it adapt easily to changing customer needs? Will we be able to easily modify it should our material or energy inputs change?
- Are there ways to “dematerialize” our product using less material and energy?
- Does our product contain any materials of concern (e.g. toxins, conflict minerals) and are they necessary? Would “design for environment” principles help us make a better product?
- Do any of the principles of biomimicry apply to our situation? In other words, how would nature design

our product or deliver our service? Is there anything to be learned from this examination that would make our offering cheaper, better or more resilient?

- Is there a way to deliver a service instead of a product? Are we offering what customers really want or a substitute (e.g. providing a drill instead of a hole)? Would a service model enable us to create a more stable revenue stream and enduring customer relationship?

Notes:





KEY ACTIVITY Processes

How can we make our work processes as efficient and sustainable as possible using best available technologies?

Why this question is important

Organizations that are not aware of how their processes work, where their unintended impacts are, and where their is waste, increase their costs and decrease their margins unnecessarily. Organizations that adopted the principles of Total Quality Management (TQM) in the last century realized the benefits of process improvement and control, but TQM didn't reveal all of the possibilities. Examining a process through the lens of sustainability often reveals additional vulnerabilities, inefficiencies and sources of waste. Sustainability can also energize employees to seek out efficiencies because they know they are helping the planet, not just the organization's financial bottom line.

Considerations

- Are we using our material and energy inputs as efficiently as possible? Are there opportunities to reduce energy by managing heat, light, or movement differently?
- What processes support the delivery of our services? Do we produce documents? Travel to meetings? Are there alternative ways to conduct our business that have lower impacts?
- What waste do we generate? Is there another use for any part of our waste stream? Might some of our waste be a marketable product? How might we get our enterprise to be part of a 'circular economy?'
- Do we use any toxic materials to make, clean, package or use our product/service? Is there a non-toxic alternative?
- In what ways can we design work to assure employees are kept safe and health?

Notes:



KEY ACTIVITY

Facilities

How can we minimize the footprint will our operations require?

Why this question is important

Every organization has a physical presence of some size and each building has a physical impact on its environment because of the space it takes, the materials that were used to build and furnish it, and the energy consumed to operate it. Depending on the business, the facilities can be a bigger or smaller part of its overall footprint, but most organizations find quick savings in constructing or choosing facilities that operate efficiently and are located for accessibility.

Considerations

- How many square feet of space do we really need to meet our needs? For example, might telework or job-sharing be an option for some jobs? If we don't operate 24-7, are there other uses for our facility that could benefit the community (e.g. a school also being a performing art center)?

- What disruption or contribution does our space make to the environment or local community? Are there ways to replace the lost habitat (e.g. through rooftop gardens or land swaps)?
- Where would be the optimum location that would maximize accessibility for our customers and employees? How might our site choice impact transportation options?
- How can we provide a workspace that is conducive to human enjoyment and productivity?
- What products should we choose to build, furnish, equip and clean our facility to ensure access to natural light, protect indoor air quality and allow access to nature?

Notes:

