Business Model Canvas

GAIN POWER

An empowering toolkit for designers to understand Business and Organisational Context

**LAB for Sustainability
Design School Kolding**

Business Model Canvas – Mapping Organisations and Designers

Definition of an I, T and X-designer

// I-shaped designer's competence – profile:
  Design is giving form and function in a specific area. Knowledge of form and function.
// Key Concept: Design ability reflection-in-action.
// Sites of design, knowledge and activity: Traditional design disciplines, specific design competencies.
// Focus: Individual / experts.
// Nature of design problem: Design problems are ill-structured, problem and solution co-evolve.

// T-shaped designer's competence – profile:
  Design as a collaborative discipline, design as an organizational resource.
// Key Concept: Design has no special subject matter of its own, strongly connected to other disciplines in an organization.
// Sites of design, knowledge and activity: Four orders of design – Signs, things, actions and thoughts.
  Design takes place in mastering four orders of design – Signs, things, actions and thoughts (Buchanan).
// Focus: Design as a field of discipline –" the glue".
// Nature of design problem: Design problems are wicked problems.

// X - shaped designer's competence – profile:
// Key Concept: Design as an innovation building resource – inside or outside an organization.
  Visualization, prototyping, empathy, integrative thinking, abductive (guess, suggest) thinking.
// Sites of design, knowledge and activity: Any context from healthcare to access to clean water. Design is appointing innovation and mindset in problem solving.
// Focus: Organizations in need of innovation.
// Nature of design problem: Organizational collaboration & innovation are design problems.

  There is a need for all three types of design competencies. A designer might have skills within all, one or two of the three competence areas.

What

The Business Model Canvas (BMC)* is a tool for documenting an existing business model or developing a new one. The BMC is a strategic management and entrepreneurial tool that allows an organisation or a designer to describe, challenge and define the value that an organisation or you, as a designer, are offering in relation to an organisation's products or services or in your own future business. The BMC is a visual map with nine boxes describing internal and external aspects of a business: infrastructure, offerings, customers and finances, and it can be used to further understand, align and develop activities within an organisation.

We are working with the BMC in two ways in the present material: mapping existing organisations and mapping you as a professional designer. The reason why it is important to map yourself as a designer is to create an overview of your relations to the customers, end users and partners you need to engage with in order to communicate both your skills and the values you can create in an organisation. Finally, mapping yourself can help you to get an overview of what you need to improve or gain to actually achieve the goals you are setting for your life as a professional designer in the world.

The value creation within an organisation has to go hand in hand with its vision. Often value is measured in money, but from a broader perspective it is also important to identify the relationship between customers and end user. Professor Steen Hildebrandt* describes the sustainable value creation in a much wider context when he says, "Creating results is not necessarily only an economical goal; another goal could be curing, producing or creating services." Naturally, as designers, we know how to identify end users' needs based on the familiar methods from the designer's "toolbox."

How (Company)

When mapping an existing company's business model: Gather information about the company by deep-diving into its website and pose a series of questions related to the values created in the company. Interviews, desk-top research, mapping of customers, end users and partners are additional ways to increase your knowledge before contacting the company.
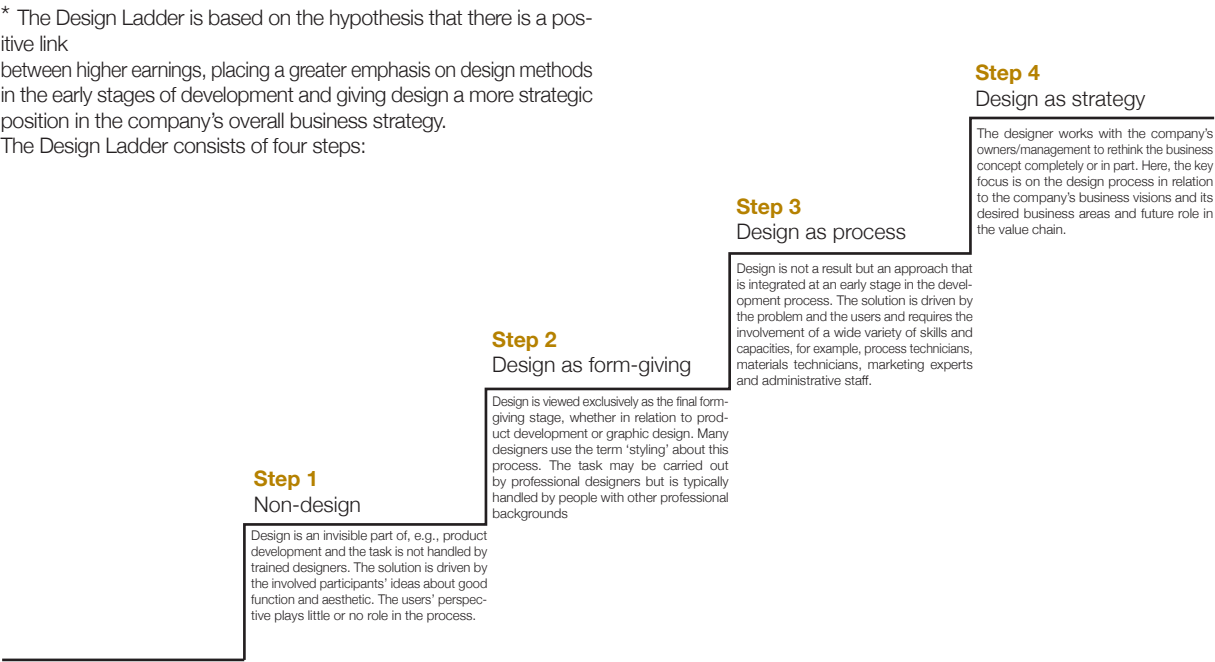
How (Designer)

You start by mapping the potential value you as a designer (I,T,X)* can create for a business, an organisation or a partner: List the skills, motivations and ambitions you have identified within your profile as an I-, T- or X-shaped designer. Once that is done map yourself into the BMC.

The Design Ladder

* The Design Ladder is based on the hypothesis that there is a positive link
between higher earnings, placing a greater emphasis on design methods in the early stages of development and giving design a more strategic position in the company's overall business strategy.
The Design Ladder consists of four steps:

Step 4
Design as strategy
The designer works with the company's owners/management to rethink the business concept completely or in part. Here, the key focus is on the design process in relation to the company's business visions and its desired business areas and future role in the value chain.

Step 3
Design as process
Design is not a result but an approach that is integrated at an early stage in the development process. The solution is driven by the problem and the users and requires the involvement of a wide variety of skills and capacities, for example, process technicians, materials technicians, marketing experts and administrative staff.

Step 2
Design as form-giving
Design is viewed exclusively as the final form-giving stage, whether in relation to product development or graphic design. Many designers use the term 'styling' about this process. The task may be carried out by professional designers but is typically handled by people with other professional backgrounds

Step 1
Non-design
Design is an invisible part of, e.g., product development and the task is not handled by trained designers. The solution is driven by the involved participants' ideas about good function and aesthetic. The users' perspective plays little or no role in the process.

* The Business Model Canvas (BMC) was developed in 2010 by Alexander Osterwalder, Yves Pigneur, Greg Bernarda and Alan Smith. It outlines several prescriptions which form the building blocks for the activities within a company. It enables both new and existing businesses to focus on operational as well as strategic management.

The materials can be downloaded for free on the company's website by signing in as a user:
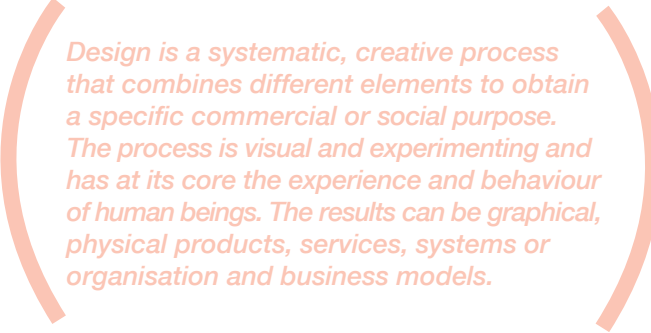www.strategyzer.com/canvas

A very helpful tool to identify the gains and pains of services/products offered by designers is the Value Proposition Design:
www.youtube.com/watch?v=b_X18bmpHaw

Introduction to the BMC by Alexander Osterwalder:
www.youtube.com/watch?v=RzkdJiax6Tw

* Steen Hildebrandt, Ph.D. Professor, University of Aarhus and Adjunct Professor, Copenhagen Business School (CBS) "Disruptions to Sustainable Business Development" – article in the publication, DSKD: Sustainable Disruptions, 2015:
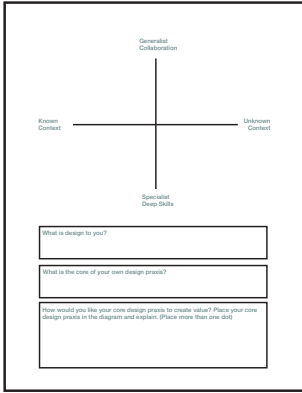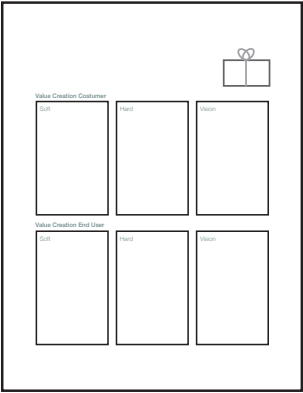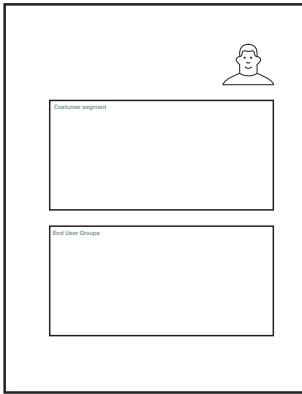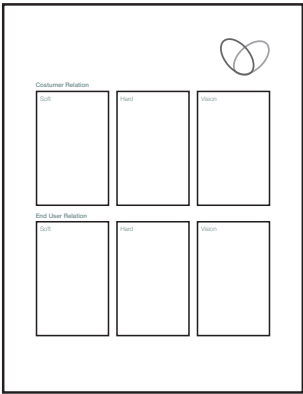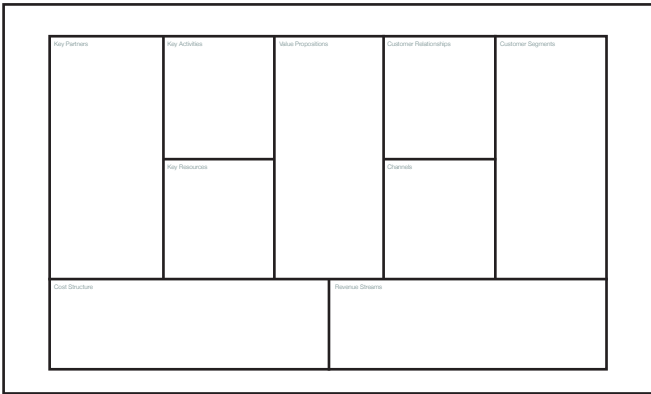www.designskolenkolding.dk/en/publications/sustainable-disruptions.

* Lucy Kimbell, Director, Innovation Insights Hub and Professor of Contemporary Design Practices, University of the Arts London.

* The Design Ladder was developed by the Danish Design Centre in 2001 as a communicative model for illustrating the variation in companies' use of design.

Design is a systematic, creative process that combines different elements to obtain a specific commercial or social purpose. The process is visual and experimenting and has at its core the experience and behaviour of human beings. The results can be graphical, physical products, services, systems or organisation and business models.

Christian Bason, CEO, Danish Design Centre

Tools

Stake-
holder
Map

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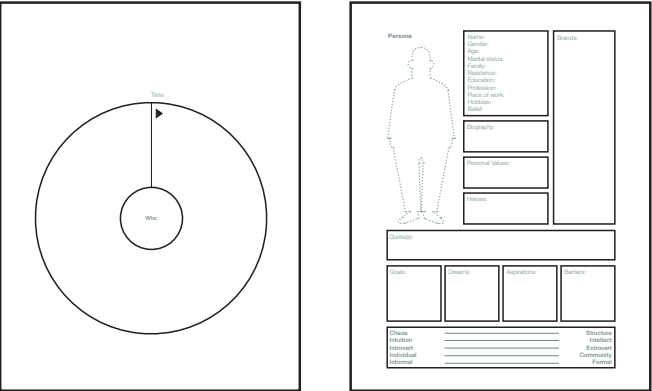Design School Kolding**

Stakeholder Map

What

The purpose of this exercise is to identify, map, and understand who the stakeholders in the present situation/project are and what is important to them, looking for patterns, new insights and surprises. By identifying stakeholders, you keep the complexity in your search for suitable and relevant solutions as long as possible in the phase of ideation, which will increase the chances of creating value for several stakeholders. Furthermore, by adding the perspectives from The Triple Bottom Line – evaluating your ideas from three different perspectives – sustainable and multi-stakeholder solutions can occur.

How

Investigate stakeholders by gathering information about the immediate context of the situation that you are working with, e.g. in the case of a company, start by looking at the current stakeholders in relation to the company's products and services. Continue by widening your search by looking at stakeholders at the periphery, e.g. people and communities affected by the company's products and services throughout the value chain. Finally, look to the future and ponder future stakeholders affected by or buying into the company's products and services. Once you have conducted the investigation, step back and look closely for surprises, patterns, and new insights in relation to the situation/project and make sure to record your findings.

Tools

Value Identi-fication

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What

There are several methods to identify the individual motivations in an organisation. The choice of how to describe personal intrinsic motivations is situational, so feel free to test different methods. It can be like working in clay – forming one´s personal values either in abstract or more realistic terms. What is important are the conversations that take place, when people share their personal values in an organisational context. Theresa Amabile's research* demonstrates that intrinsic motivations, not to be confused with extrinsic motivations such as pay, titles etc., is one of three essential "building blocks" of creativity. The other two are expertise and creative thinking skills.
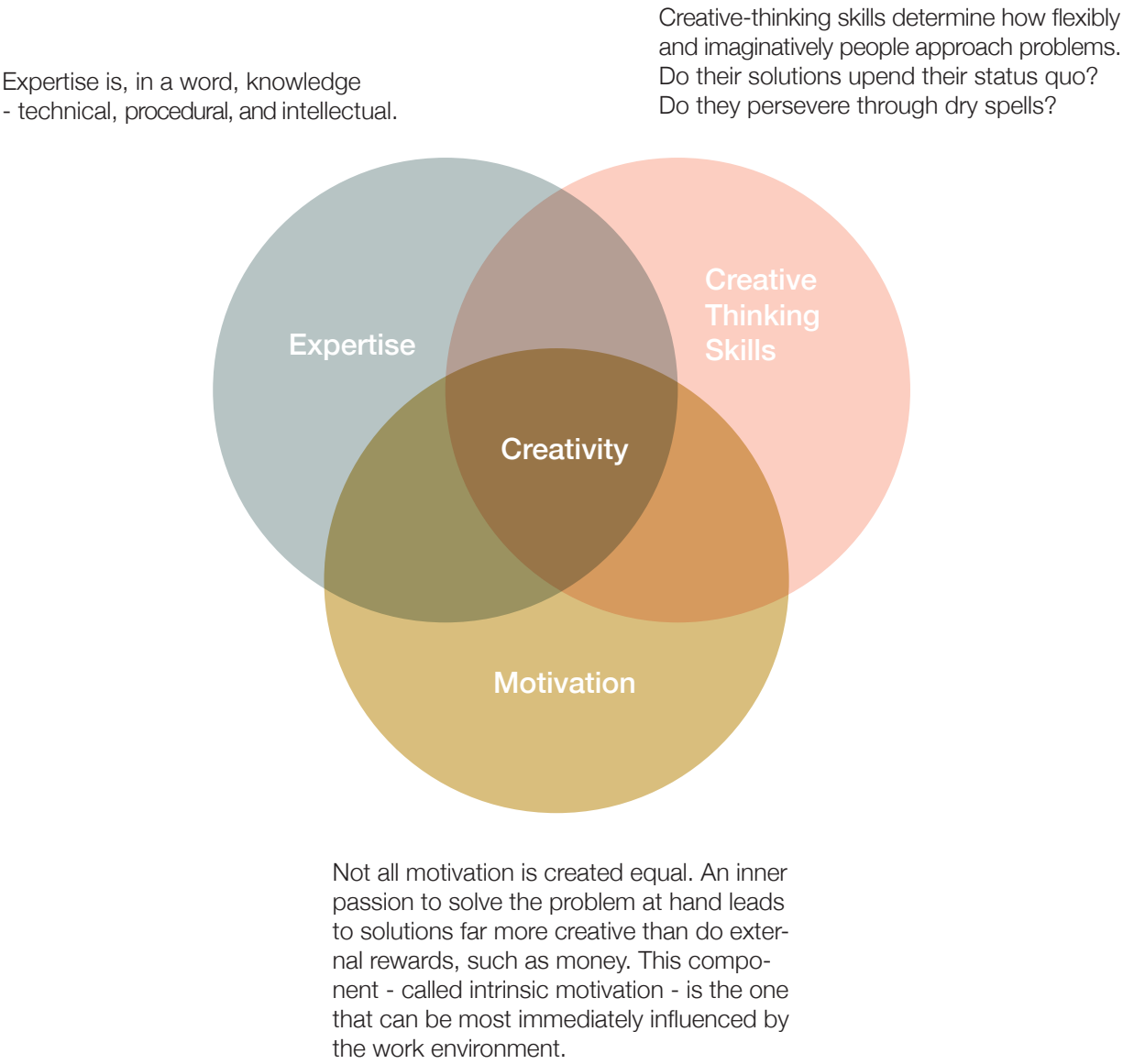
In this material, we will describe a method developed in the LAB for Sustainability at Design School Kolding named the Election Poster. The purpose of the Election Poster tool is to identify the core meaning of a company or an organisation by turning to the people working in the organisation. Why do the leaders and employees get up in the morning and do what they do? What is deeply meaningful to them? It is a way of tapping into the bigger story of the company – a narrative that goes beyond the day-to-day activities and a narrow focus on financial profit and growth. It can be expressed in a company's mission statement such as Nokia's 'Connecting People' but often the relationship between the company's strategy and the deeper 'why' of the employees is not as clear-cut. It thus becomes helpful to investigate the core meaning from the bottom up – identify what people believe is important and valuable in the job that they do. By sharing the many 'whys' in a group, it is possible to identify people's deeper motivation and use this when working with options for new, sustainable development.

How

While most people can tell you quite clearly what they do in their work and how they do it the underlying 'why' sometimes takes a little digging. The Election Poster tool thus applies visual aids and questions to help people express the deeper why. Each person gets a set of images and a poster with pre-printed places to post the images that they choose and spaces for answering the questions of what motivates them, what are their personal values, what could be their motto, how do they like to work together with others, what is important to them when looking at the present world etc. Next the posters are placed on a wall and participants take turns presenting their 'Election Poster' to the others. Once everyone has presented, participants stand back and reflect on the differences and similarities – and how the election posters relate to the company's strategy. The new insights are written on a new poster and can be applied later, for instance in the Future Ruler Tool.

The three components of creativity

Within every individual, creativity is a function of three components: expertise, creative-thinking skills, and motivation. Can managers influence these components? The answer is an emphatic yes - for better or worse - through workplace pratice and conditions.

Expertise is, in a word, knowledge - technical, procedural, and intellectual.

Creative-thinking skills determine how flexibly and imaginatively people approach problems. Do their solutions upend their status quo? Do they persevere through dry spells?

Expertise

Creative Thinking Skills

Creativity

Motivation

Not all motivation is created equal. An inner passion to solve the problem at hand leads to solutions far more creative than do external rewards, such as money. This component - called intrinsic motivation - is the one that can be most immediately influenced by the work environment.

* Teresa Amabile is the Edsel Bryant Ford Professor of Business Administration at Harvard Business School. Her research focuses on what makes people creative, productive, happy and motivated at work. T. Amabile is the author of two books and over 100 scholarly papers, she holds a doctorate in psychology from Stanford University. Article: "How to Kill Creativity," September-October 1998 issue of Harvard Business Review.

Tools
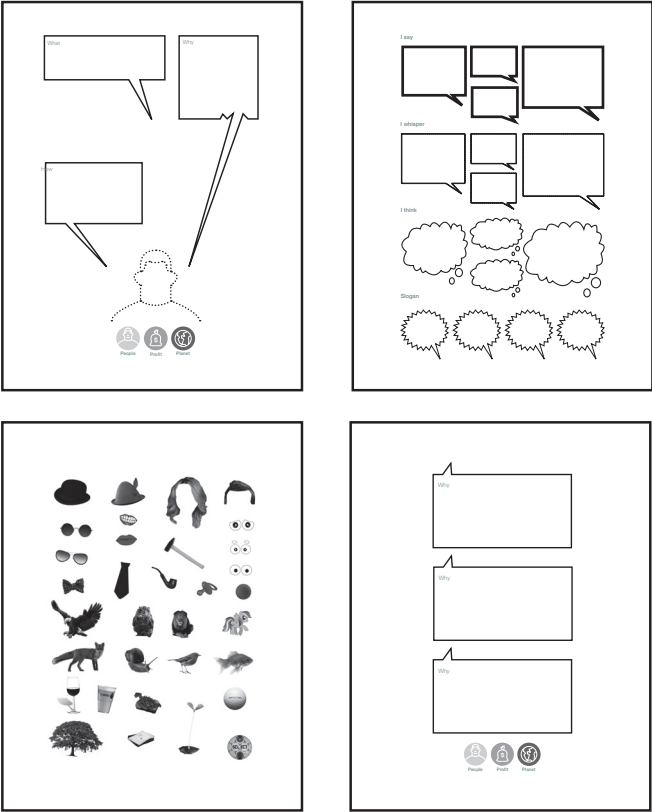
Past and Future Ruler

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Past and Future Ruler

What
Looking at our common or individual past on a timeline can help identify where we come from and the insights and historical events that have formed us and the organisation. It is an excellent way of initiating a discussion about why we organise and work the way we do today. The purpose of The Future Ruler is to identify sustainable long-term goals, constraints and opportunities in relation to the current situation. It might relate to a particular product/service, a company, an organisation, a community of end users or a theme. It is a way of creating a platform for the future across diversity, e.g. different disciplines, functions, processes etc. While it is impossible to create reliable future scenarios far into the future, the intention is to help identify sustainable long–term goals, constraints and opportunities and work strategically and proactively with sustainable innovations.

How
Start mapping the important events, developments of the past – what has happened, who started working when, organisational changes, new important products/services, etc. Prior to working with The Future Ruler identify significant data in relation to the past and to the future. It is important that everybody working with The Future Ruler has gathered insights into future tendencies and trends that could affect the organisation prior to this work.

The Future Ruler is a large timeline map organising past and future events happening on different levels. Once you have placed all the data and insights on the map you have a shared overview of what you may face. Step back and pose questions that can help you identify challenges and opportunities for the future. Ideally, you should end up with one to three powerful ideas for meeting the challenges in a sustainable manner. A way to address future targets is to look at United Nations Sustainable Development Goals* and Ellen McArthur Foundations method cards on designing into a more sustainable future.*

* United Nations Sustainable Development Goals.
"On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at a historic UN Summit — officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.":
www.un.org/sustainabledevelopment/development-agenda/

Links to the 17 goals:
www.un.org/sustainabledevelopment/sustainable-development-goals/
www.un.org/sustainabledevelopment/blog/2015/12/sustainable-development-goals-kick-off-with-start-of-new-year/

Ellen MacArthur.
MacArthur, Ellen: Ellen MacArthur Foundation.
www.circulardesignguide.com/methods [accessed 15.11.2017]
www.ellenmacarthurfoundation.org/assets/design/Circular_Flows_Final.pdf [accessed 15.11.2017]

Tools

Designed Value Chain

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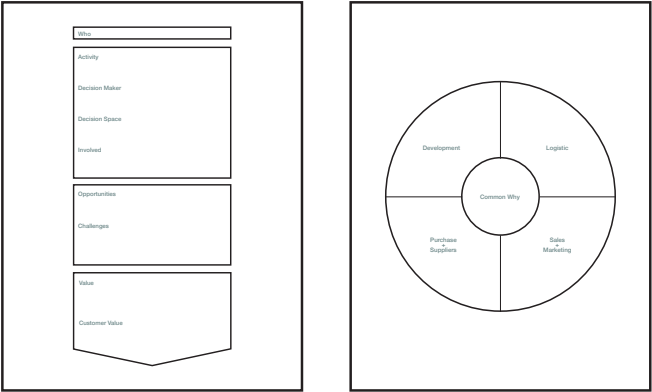Design School Kolding**

Designed Value Chain

What

A Designed Value Chain is a physical depiction of a value chain in an organisation. It shows the many actions inside and outside the company from the beginning to the end. It supports transparency and awareness of the company's development processes, visualises responsibilities and highlights the challenges and opportunities for value creation in each section of the chain. In addition, it enables participants to appreciate their contribution to the overall value creation as well as the contribution of other people, departments and stakeholders. The circular shape when the wards are unfolded supports the perception of the value chain as part of a cradle-to-cradle concept, paying attention to the need of sourcing and designing products that can be recycled into the same type of products or new ones.

How

Start by gathering information about the organisation. You might do desktop research to get a first-hand understanding of the company's activities and conduct semi-structured interviews and with people from the organisation who can explain what the company does – its products and services and how it produces and handles their products and services from start to finish. Think about categories such as raw materials, production, IT, logistics, sales, service, end users, and 'end-of-life'. You might also conduct surveys among end users. Once you have sufficient information, begin to cluster the different pieces of data in relation to headers in a value chain. The Designed Value Chain can be depicted as a circle to promote the perception of the value chain as a cradle-to-cradle concept or you might decide on a linear illustration to promote a different overview. From each part of the value chain collaborate on visualising the chain to provide a shared overview of what is happening in each segment of the company.

Tools

Assess-ment Tool

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What
Based on The Triple Bottom Line, the Assessment Tool enables the evaluation of the broader future consequences of an idea. While "bottom line" usually refers to economic profit or loss, The Triple Bottom Line points to three dimensions: the social (people), the financial (profit), and the environmental (planet). In short, it broadens the complexity and the impact of a given idea, not only within the organisation but globally.
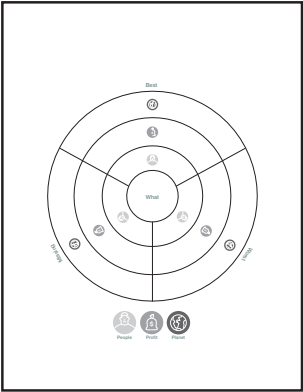
How
To apply the Assessment Tool you need an idea/concept to place at the centre of the assessment diagram. By having representatives from all segments of the value chain participate the tool helps ensuring that the assessments rest on a broad knowledge foundation and that everyone understands and supports the sustainable development of the idea. You might assign each other roles to ensure that the significant knowledge domains are covered; if you have created persona profiles of the end users and/or customers the insights from this work is relevant to add to the perspectives.

Next you look at the idea and evaluate what is "Best", "Worst" and "Missing" (lack of sufficient information – what we do not know yet) in relation to the three fields: People, Profit and Planet, by placing statements in the assigned boxes on the diagram. Finally, you discuss the implication of the idea and reach a conclusion – whether to further investigate the consequences and research the identified "unknowns".

It is important that you are honest and realistic in the assessment process and that you critically observe whether all facets of the idea have been disclosed in order to ensure that you move forward based on a well-documented foundation. If you conclude that the idea has been adequately assessed and you decide to move on with the idea the next tool to use could be the Product Development Tool.

Product Develop- ment Tool

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What

The Product Development Tool is a tool that can be used either to analyse an existing product throughout its entire life cycle or as a basis for the creation of new products that can be reused or recycled. Similar to the value chain the Product Development Tool is circular and can describe all processes related to a product or a service. The decision of whether a product can be recycled is made already in the design phase. This is where the quality and composition of raw materials are determined, as well as the option to design "to disassembly*". Close to 80 % of a product's environmental impact is decided in the design phase*.

How

If you want to apply the Product Development Tool the product is placed in the centre of the circle and the various links in the tool's value chain are discussed. By mapping the path of the product through the chain, you will create an overview of where it is most beneficial to change the initial development of the product, the selection of materials and production methods and processes. If the tool is going to be used to design a new product it is best to start in the fields that describe reuse or recycling. Focussing on the end of a product's life cycle will automatically generate the necessary choices in terms of materials, processes and combinations – in short, the beginning of design "to disassembly."

* "Design to Disassembly"
More information on the Ellen McArthur Foundation website:
www.ellenmacarthurfoundation.org/assets/design/Circular_Flows_Final.pdf
A brief description of the technical and biological cycles of circularity. The website offers a wide range of processes and tools for designers to offer user-centred and circular products.

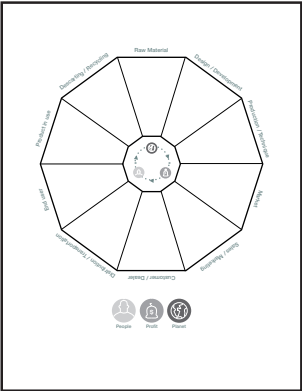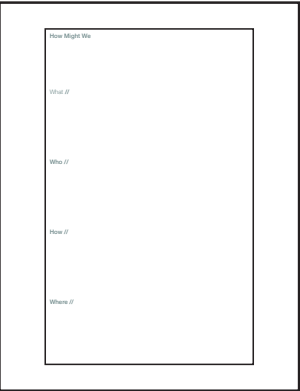The Ministry of Environment and Food of Denmark:
www.mst.dk/erhverv/groen-virksomhed/groenne-produkter/

Note that up to 80 % of a product's environmental impact is decided in the development phase:
www.mst.dk/media/90192/environmental_improvement_through_product_development.pdf
See pages 4 and 5.

Tools

Collec-
tion
Tool

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Collection Tool

What

The Collection Tool is a sorting tool where all services and products are divided into three different levels: Gold, Silver and Bronze. It emphasises the story of why the company´s products/services are the way they are.

A common understanding of the company´s products and services is the foundation for being able to work methodically with production, product development and identification of the markets and differentiation versus competitors. Sorting the company's products and services provides an overview of the portfolio and its potential, and it defines how well the portfolio is aligned with the company's vision and strategies. This tool can lead to a new set of rules for development and help promote sustainable developments for the future. The fashion industry uses the terms basis, prêt-à-porter and haute-couture collections. The automotive industry talks about basic, commodity and concept. When a company/organisation works strategically with the development of the product/service portfolio, it is relevant to look at the future opportunities and constraints within the given context and apply the perspectives of Ansoff´s Growth Matrix* to explain the relevance in future development work. Furthermore, by integrating the perspectives created through working with the Future Ruler, it will be possible to identify the relevant value creation - not only as profit, but also related to social and environmental values.

How

The Collection tool is a triangle divided into three. The lower part (bronze) defines the lowest margins, relevant amount of products, the less complex products related to product development time or material complexity. The middle part (silver) defines the products that are defined as neither complex nor simple, neither high-end value creators nor having the lowest margins. The upper part of the triangle (gold) could be defined as the few but most complex, but could also define the products with the highest margins. The products will not necessarily be in the same area of gold, silver or bronze - this depend on the parameter you sort from.

Start by getting an overview of the company's product and service portfolio, for instance by printing pictures of the products/services. Define the parameters necessary to place the products in a three-tier structure. This structure is a well-known concept in many industries and organisations. Sorting happens according to six different perspectives: Profit, number of relevant products, market differentiation, production length, time for product development and material composition and complexity.

Tools

* The Ansoff Growth Matrix – created by Harry Igor Ansoff, a Russian mathematician and business manager – known as the 'father of strategic management'. Ansoff did not take sustainability and circular economy into account in his model. His Growth Matrix creates a framework for a basic understanding when mapping ideas into a business