

# EXPLODED VIEW WORKSHOP 2

## THE ROLE OF THE VALUE NETWORK IN SCALING



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| • <b>EXERCISE</b>                               | <b>10.30-11.00</b> |
| • <b>MITIGATION OF BARRIERS<br/>FOR SCALING</b> | <b>11.00-11.30</b> |
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## › **CONTENT**

# WHICH TOPICS COULD INCREASE YOUR IMPACT?

- Scaling strategy and value network effect
- Barriers towards scaling in the regime

### Optional:

- Business model types and strengths
- Organisation and collaboration types
- Board room decision making insights

# › **PATHWAY TO SCALE**

## **SHORT WORKSHOP TO CHALLENGE AND MOTIVATE**

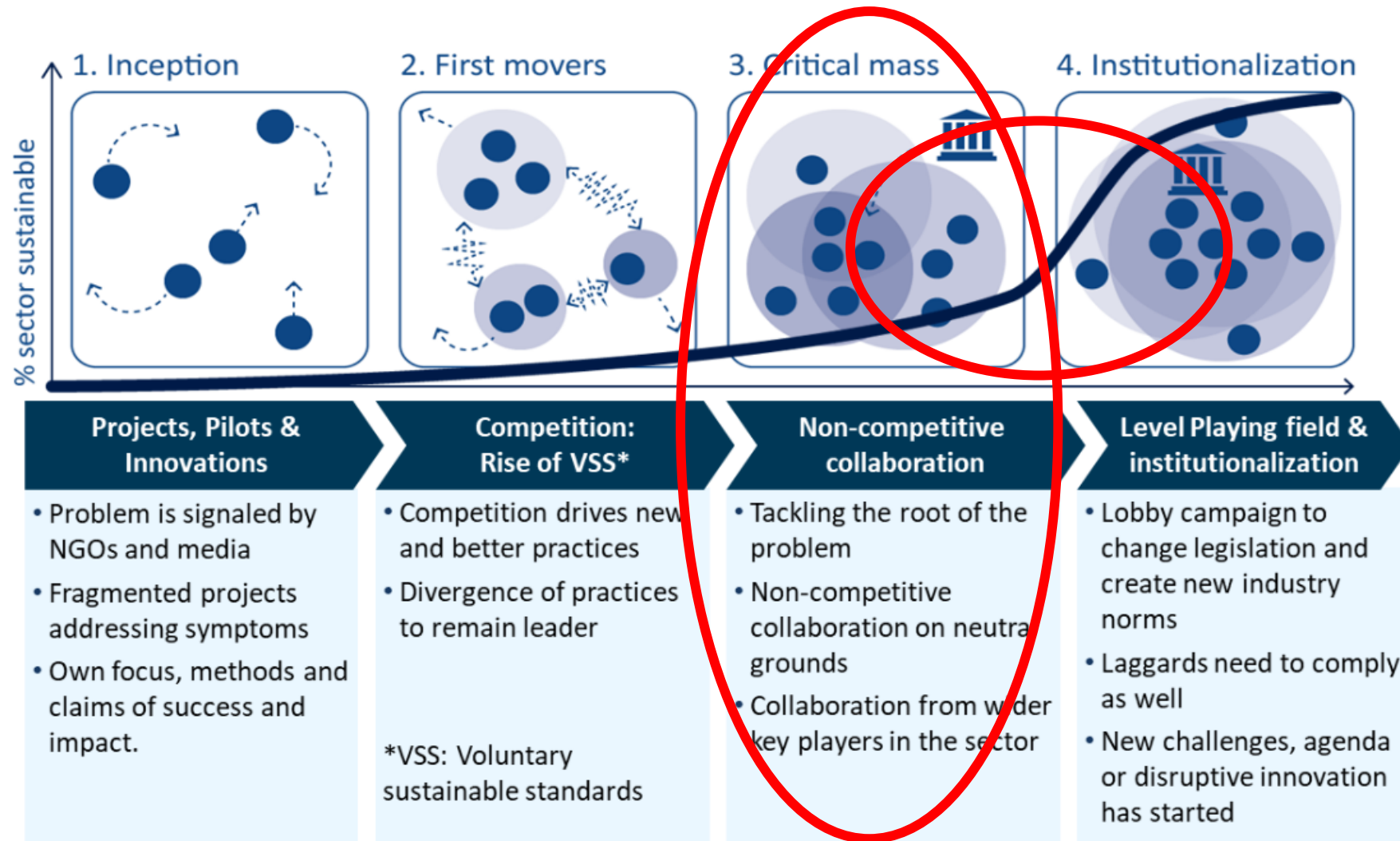
- What does your pathway to large-scale impact look like?
- Startpoint: tested products, business models and value network insights





# TRANSITIONS IN THE BUILT ENVIRONMENT

## HOW YOUR INNOVATION CONTRIBUTES!



- How to overcome barriers towards large scale impact?
- Scaling is essential, but how do you scale, with whom and when?

# › **IMPACT REQUIRES SCALING YOUR INNOVATION**

## **WHAT IS YOUR AMBITION?**

- What is your ambition to scale?
- What scaling strategies will you use?
- How does your value network (need to) support scaling?



## › **NECESSITY OF A GOOD SCALING STRATEGY** **SUSTAINABILITY INNOVATIONS**

- You are trying to replace the ‘business-as-usual’ → substitution
- Solving a problem not (yet) experienced by many and recognized by some
- Your business model and value network need to compensate



# › VARIOUS OPTIONS FOR SCALING

## BOCKEN ET AL.

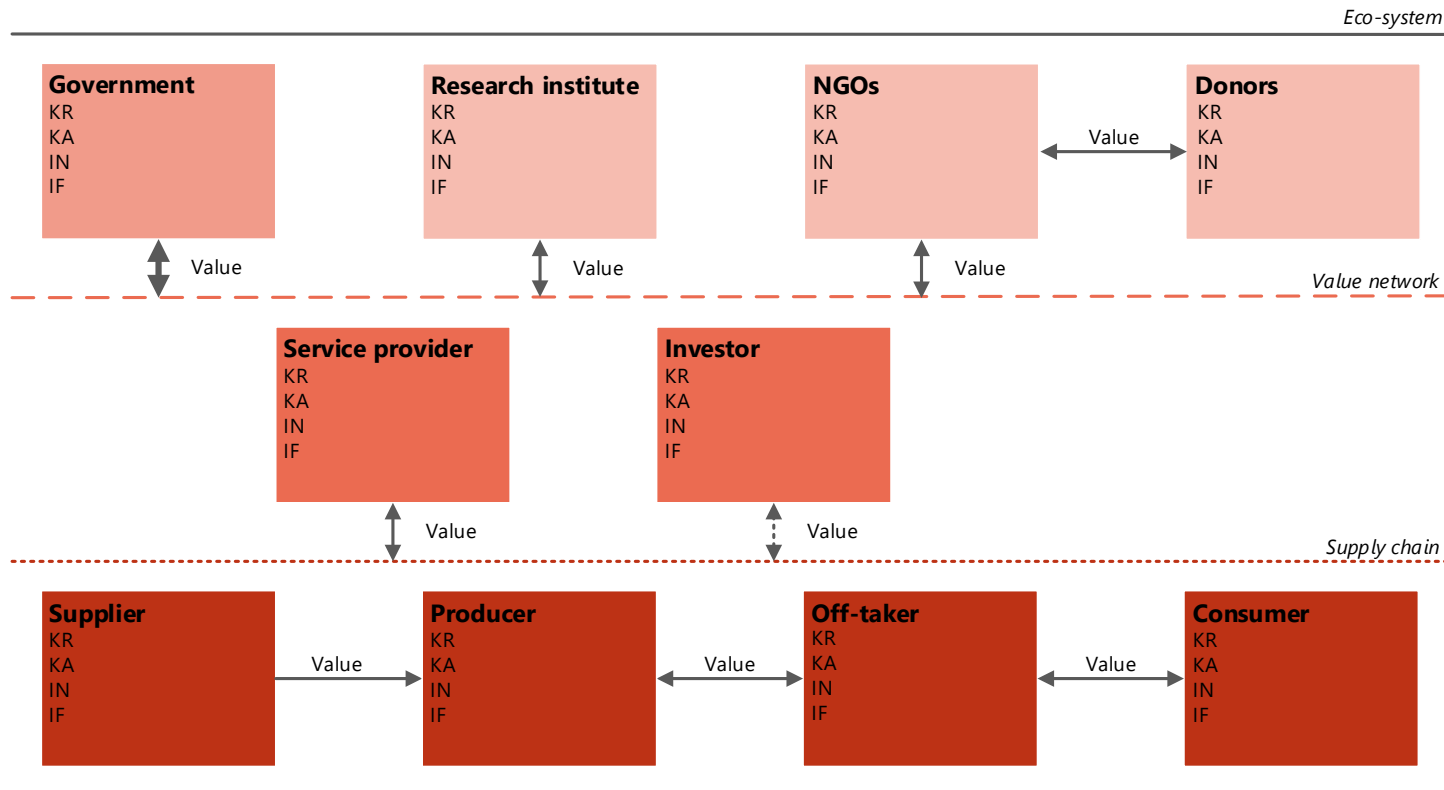
Increasing the offering's number of beneficiaries		Expanding the offering's social impact		Increase income generated	
Market penetration	Market development	Product development	Diversification	Increase income per revenue stream	Diversifying revenue streams
Replication	Geographical expansion	Continuous improvement	New activities	Efficiency of organization	Diversifying sources of grants
Diffusion model	Partnerships	Technology introduction	New services	Increasing productivity	Strategy for different levels of poverty
Increasing operations	New customer market	Incremental improvements	Horizontal diversification	Monetizing outputs	Two streams of customers
Driving demand	Community outreach		New products		Integrating services and research
Franchising	Umbrella-brand marketing				

- Which strategy do you chose?

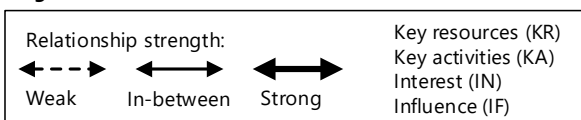


# WHAT DOES YOUR VALUE NETWORK LOOK LIKE?

## AND HOW DOES IT CHANGE DURING SCALING



### Legenda



- › Will new actors emerge?
- › Will the roles of some actors change (increase in activity, resource, dependency)?
- › Which relations need to become stronger/formal?

# › SHORT EXERCISE

## SCALING AMBITION AND STRATEGIES

- › Define your **scaling ambition** as precise as possible
  - › Use questions as a guide

What?	
For whom?	
Where?	
How many?	
By whom?	
When?	
Why?	

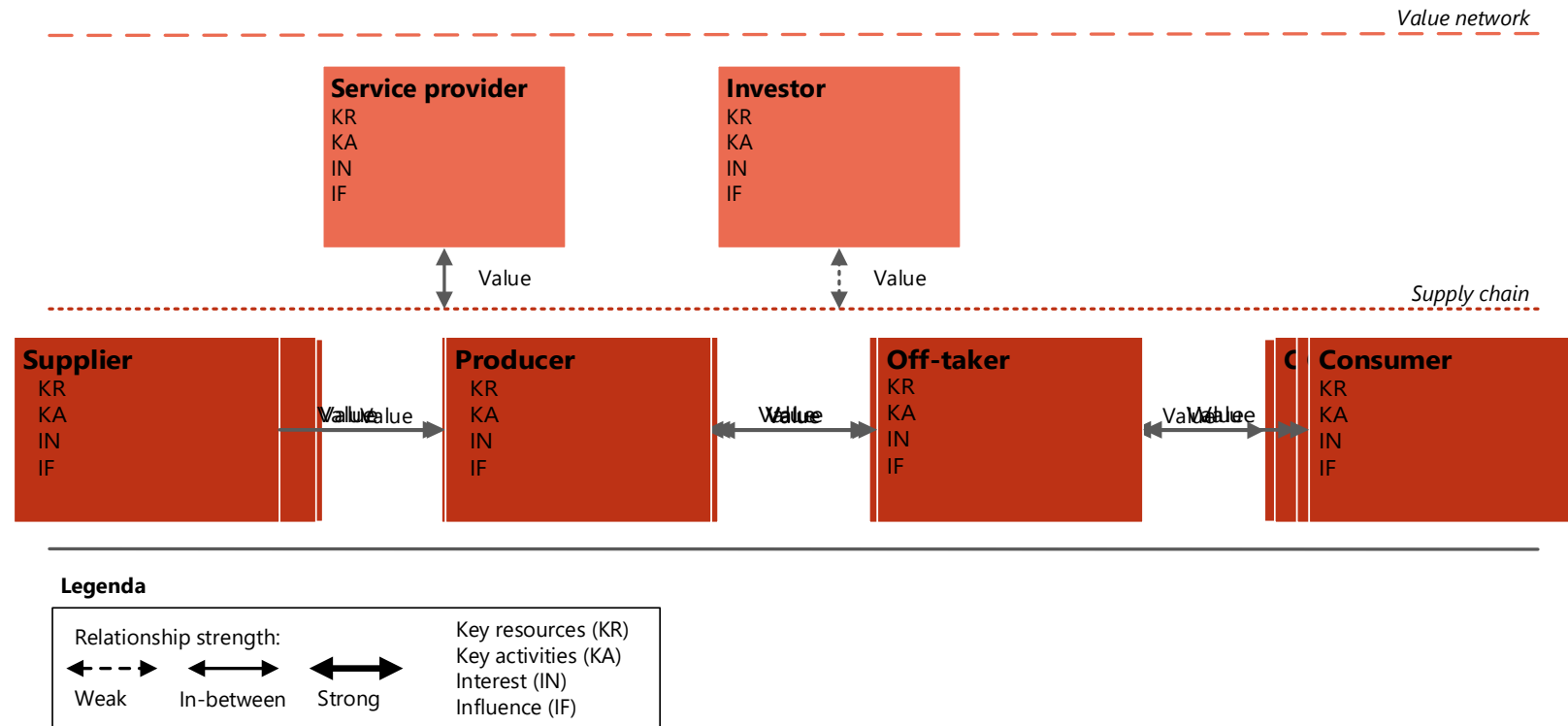
- › Identify your current and future **scaling strategies**
  - › What strategies do you apply now
  - › What strategies do you want to implement in the future

Increasing the offering's number of beneficiaries		Expanding the offering's social impact		Increase income generated	
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## › SHORT EXERCISE

# VALUE NETWORK TO SCALE

- › Map your **value network** and identify changes to scale
  - › First, list the actors active in your value network AS IS NOW
  - › Draw arrows between actors and write down the value exchange
  - › Identify key resources, activities, interest and influence of each actor (optional)
  - › Identify how your network will change after implementation of a certain scaling strategy (e.g. do you need more or other suppliers, off-takers, customers)



## › **BARRIERS TO SCALING**

### **A LITTLE BIT MORE ON TRANSITION THEORY**

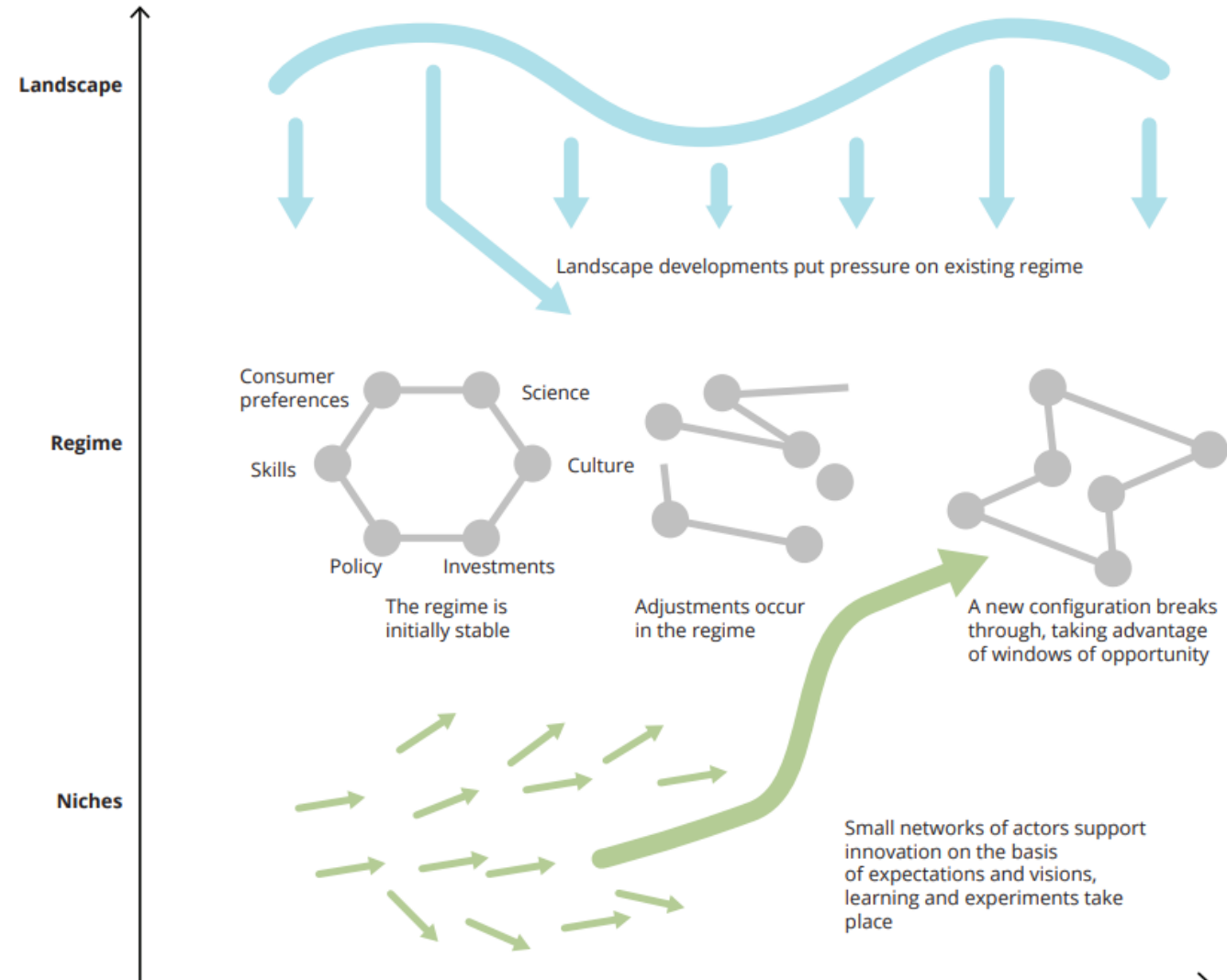
- › Scaling is not only influenced by your scaling strategy – but also by external factors, coming from the system that you are trying to change/ operate in
- › This is particularly the case for disruptive innovations such as yours – innovations that are part of a larger *transition*, from conventional to biobased and circular building



# › SOCIO-TECHNICAL TRANSITIONS

## MECHANISMS OF CHANGE

- › Transitions come about through interaction processes within and among three (analytical) levels: niches, socio-technical regimes and a socio-technical landscape.
- › Niche innovations provide upscaling, replication or adaptation of new technologies or practices; and consequentially disruption of the established regime – the BAU, often as a result of external shocks coming from the landscape
- › Disruption of the established regime often leads to resistance, creating barriers to scaling for those niche innovations
- › In addition, the current regime still limits the innovators – not (sufficiently) supportive.
- › It is important to be aware which these barriers and limits are and whether they can be influenced or not





## › EXERCISE 2

# BARRIERS TO CHANGE FOR YOUR ENTERPRISE – FROM THE REGIME

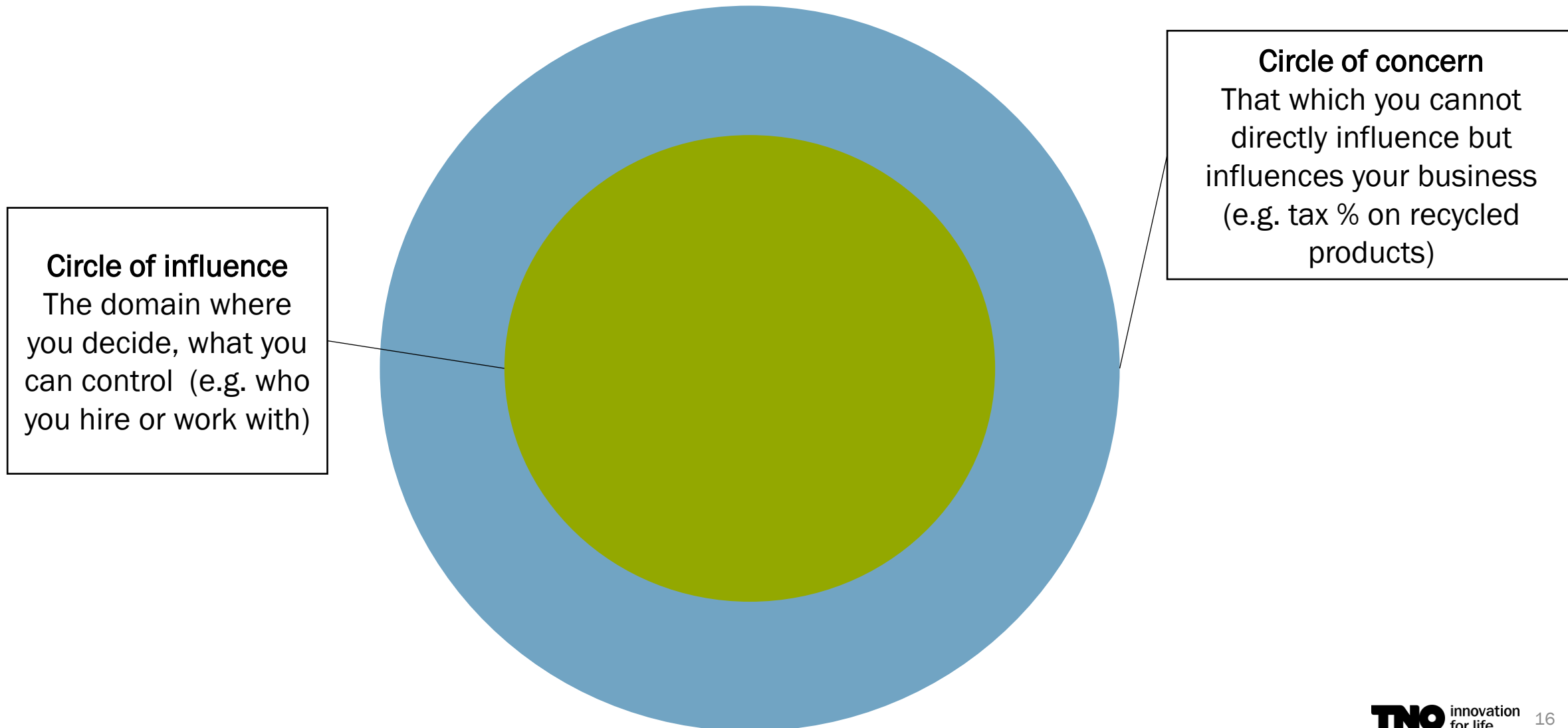
Barriers	Risks in relation to scaling ambition
Economic/ financial (e.g fund availability)	
Institutional/ regulatory (e.g. policy)	
Market (e.g. access, demand)	
Social/ cultural (e.g. public perception)	
Spatial (e.g. infra, location)	
Supply chain (collaboration, resources)	
Technical (e.g. chip needs or energy demand)	
...	

## › **DEFINING MITIGATION STRATEGIES TO IDENTIFIED BARRIERS**

- › Now we have defined the key barriers to change, it is worthwhile to determine which of those barriers can and should be influenced to reduce their impacts/ the posed limitations
- › The key is to focus your energy on those things that you can influence – this will enable you to make effective changes
- › For those that can be influenced, it is important to develop mitigation strategies

## › EXERCISE 3

# MAPPING OF BARRIERS ON COVEY'S CIRCLES

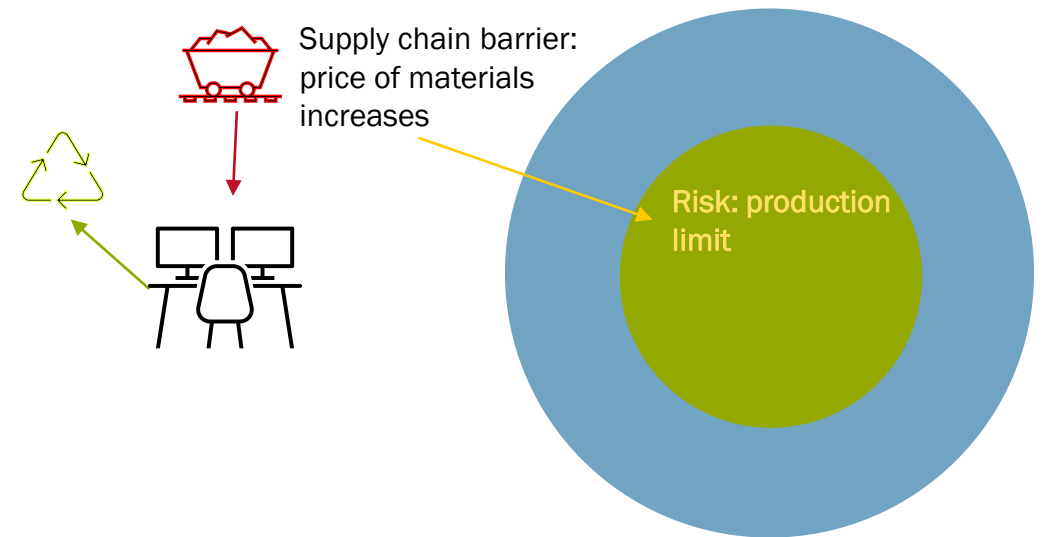


## › REFLECTION ON MAPPING OF BARRIERS

- › Any barriers in your circle of influence?
- › Do you currently focus on those barriers that you can influence or are you investing energy in barriers that you can not (yet) influence?
- › From concern to influence
  - › Would it be possible to shift some of the identified barriers from concern to influence through partnerships, a change in scaling strategy or in your business model?
- › Moreover, some barriers might currently still be limiting – but might change in the future (e.g. recycled content %, or tax on labour). It is good to identify which of the current barriers in the circle of concern might change and what would mean for your company. Are you prepared? Can you move quickly once change occurs?

# › MITIGATION STRATEGIES EXAMPLES

- › Product: Sustainable desk from biobased material
- › Circle of influence
  - › Supply chain barrier: wood supply decreases
  - Risk: When costs are too high, production is not profitable -> limited
  - Mitigation: offer a refurbished product by reusing old frames and placing new desktop and offer desktops from multiple materials





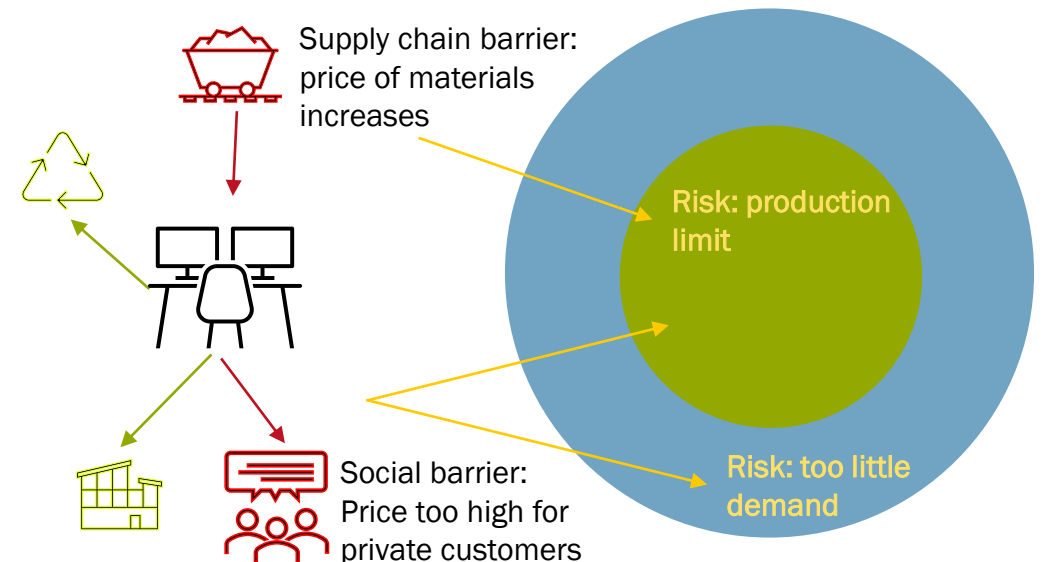
## › MITIGATION STRATEGIES EXAMPLES

Circle of concern -> pulling to circle of influence by mitigation

- › Social barrier: private customers do not want to pay more for sustainable desks
- › Risk: demand is too low
- › Mitigation: Expand your customer target group to public sector who are interested in sustainable products

*Mitigation options depend on the company:  
E.g. for transportation companies of the desks the risk of lower wood supply leading to lower production is in their circle of concern, not influence.*

*They could only mitigate this and pull it too their circle of influence by collaboration with a producing company*



## › EXERCISE 3 – MITIGATION STRATEGIES TO REDUCE LIMITATIONS TO SCALING

Barriers	Mitigation strategy	Concern barriers → lifted in the future
Technical		
Spatial		
Economic/ financial		
Market		
Supply chain		
Institutional/ regulatory		
Social/ cultural		

## › **NEXT STEPS**

# WHAT DO YOU NEED FROM US TO GROW FURTHER?

### WHAT WE CAN OFFER:

- 1-op-1 follow-up (online) meetings for further support with specific questions
- Additional workshops on ‘collaborative business modelling’
- ....





› **BEDANKT VOOR  
UW AANDACHT**

## › TO DO / REGELEN



## › **VISUAL OVERVIEW OF THE VALUE CHAIN**

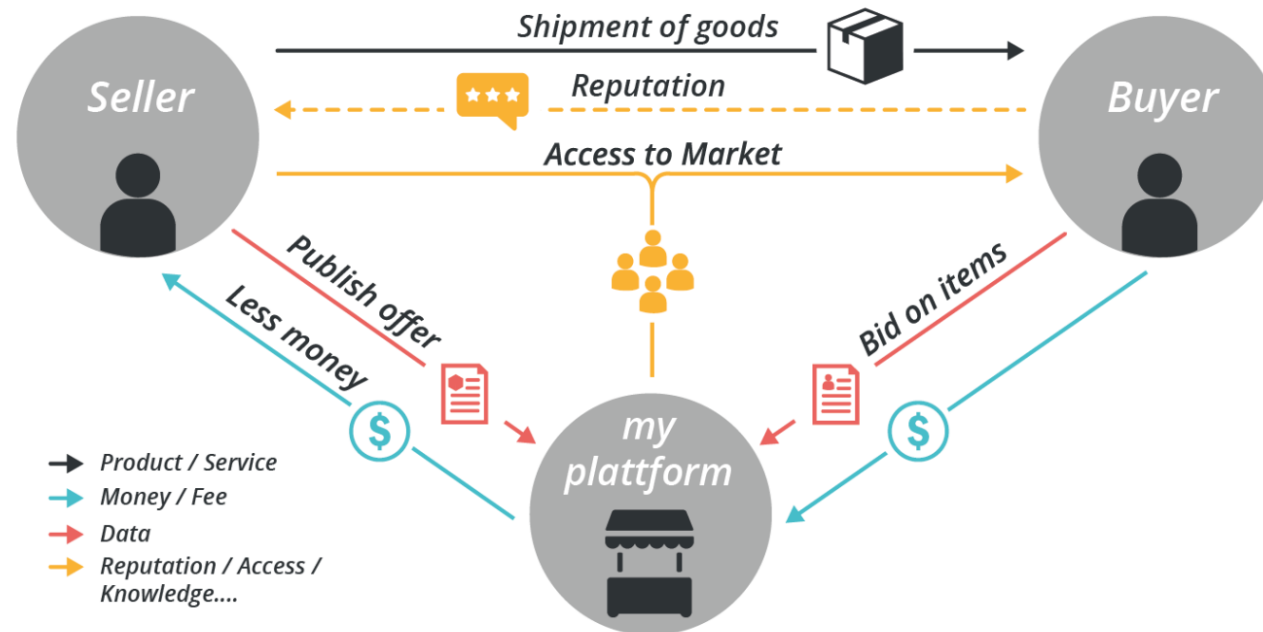
### **WITH WHOM DO WE CREATE VALUE AND HOW IS THE VALUE DISTRIBUTED?**

- › For constructive and structural collaboration it is key to have insights on:
  - › Which other actors are in your value chain – and with whom is collaboration important?
  - › Which transactions take place between the actors in this supply chain (which values are created)
- › Two exercises to visualize the supply chain



## › EXERCISE 1: VISUALIZE THE VALUE CHAIN

- › First visualize the actors in your supply chain
- › Secondly, draw the transactions between the identified actors, transactions can be in the form of products, money, knowledge, market access, other equipment, etc.

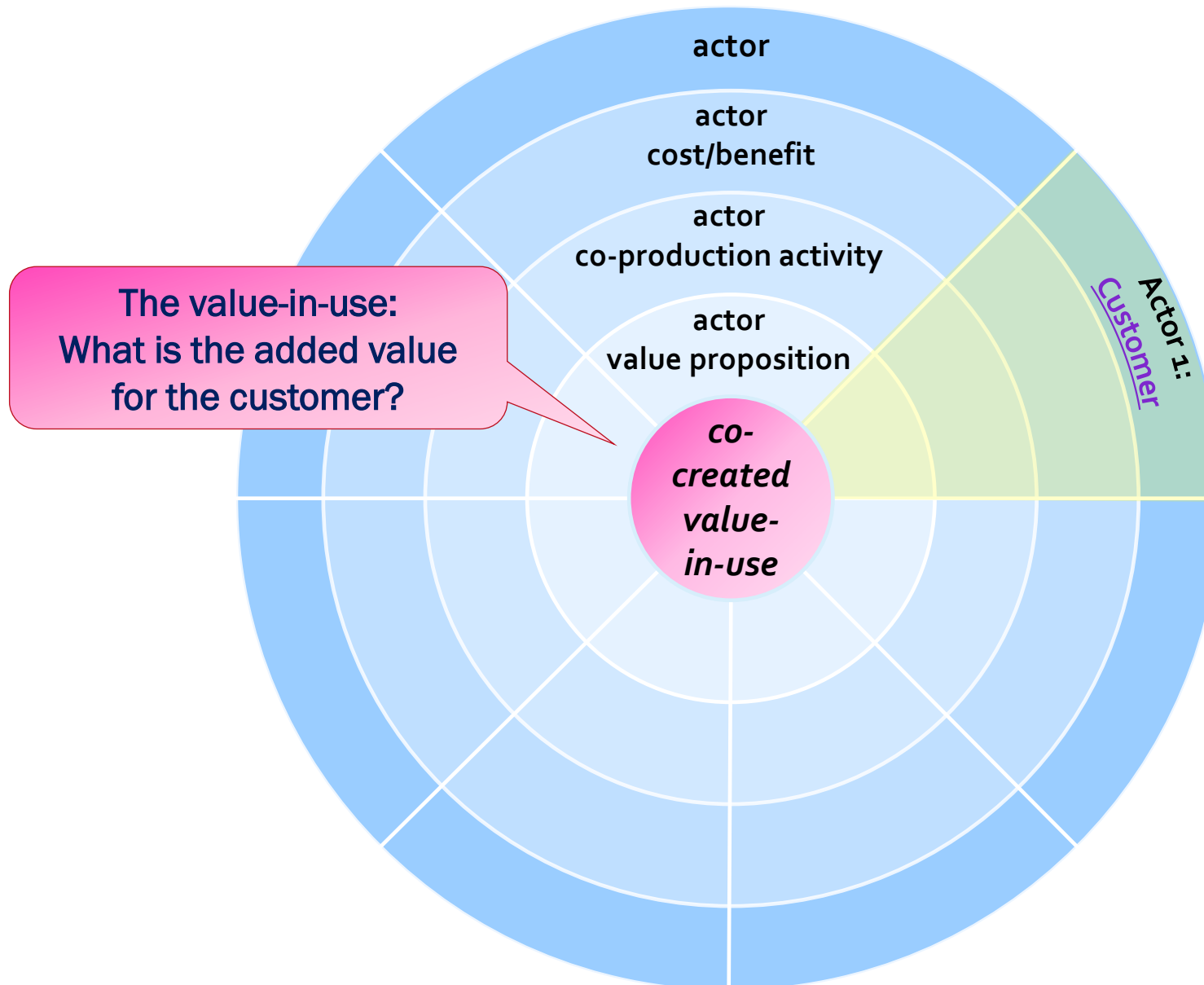


## › **EXERCISE 2: BUSINESS MODEL RADAR**

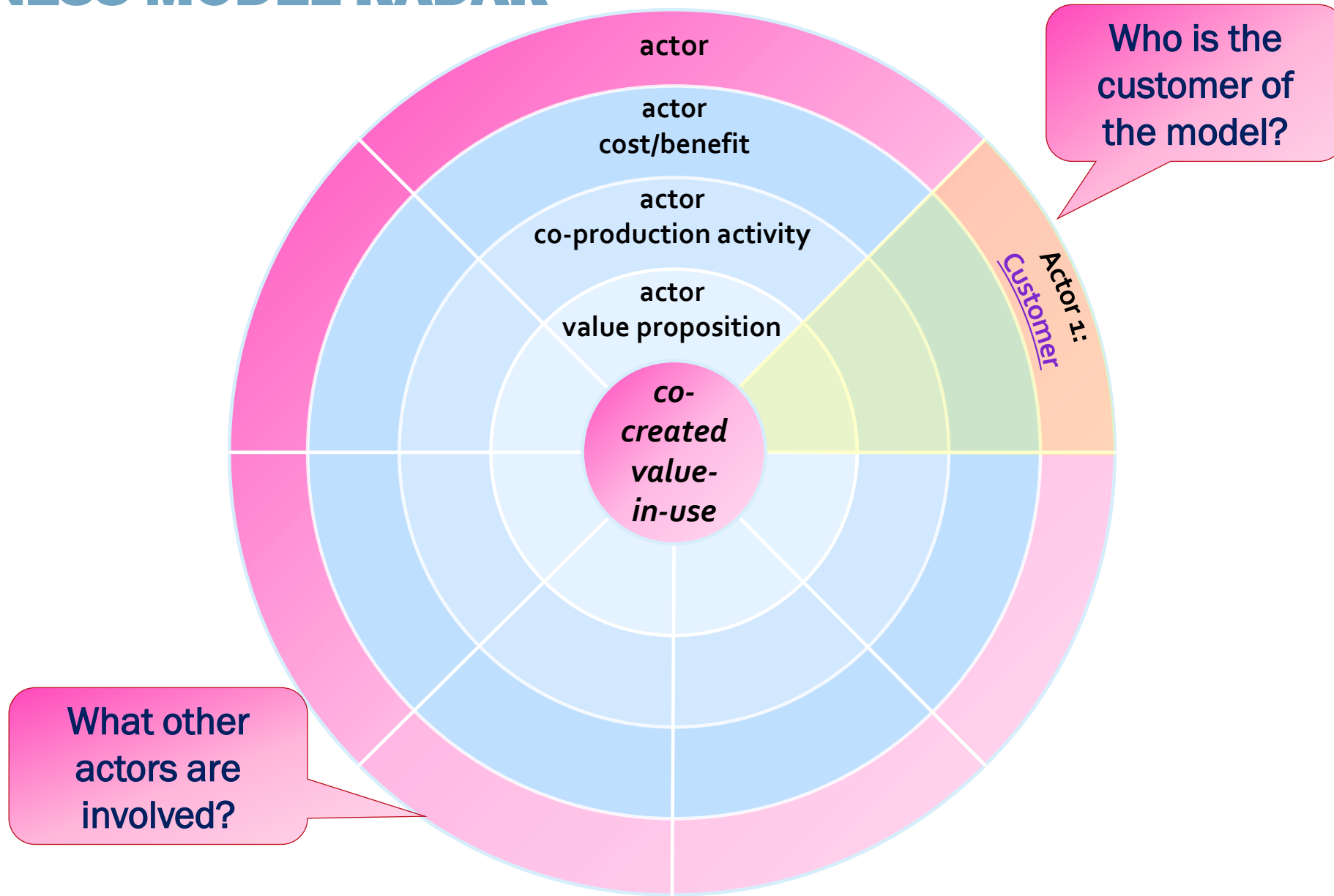
### **HOW IS THE VALUE PROPOSITION REALIZED?**

- › In exercise 1 the actors and transactions in the value chain are visualized, this allows to go a step further
  - › What is the value proposition that the actors can deliver together to the end-consumer, and what does that mean for every individual actor?
  - › How are the costs and benefits of this joint value proposition distributed among the actors? Is this distribution balanced or how should this change to become more balanced?
- › To get insights in these questions we will work with the *Business Model Radar*, a framework that helps to identify a joint value proposition.
  - › This differs from e.g. the BMC which has a focus on one individual company
  - › It helps to think in advance of the pros and cons every actor faces with respect to the joint value proposition

## › BUSINESS MODEL RADAR

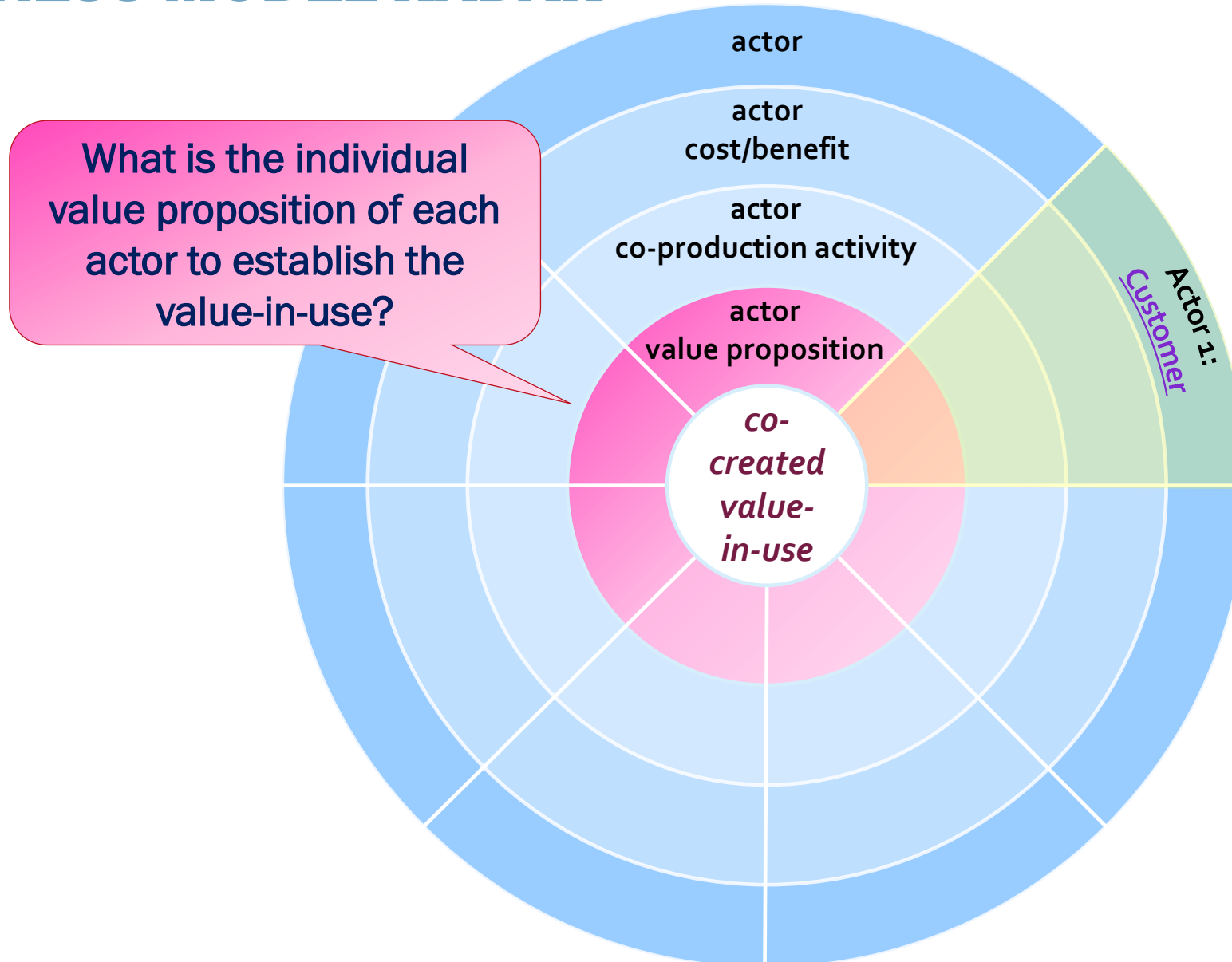


## › BUSINESS MODEL RADAR



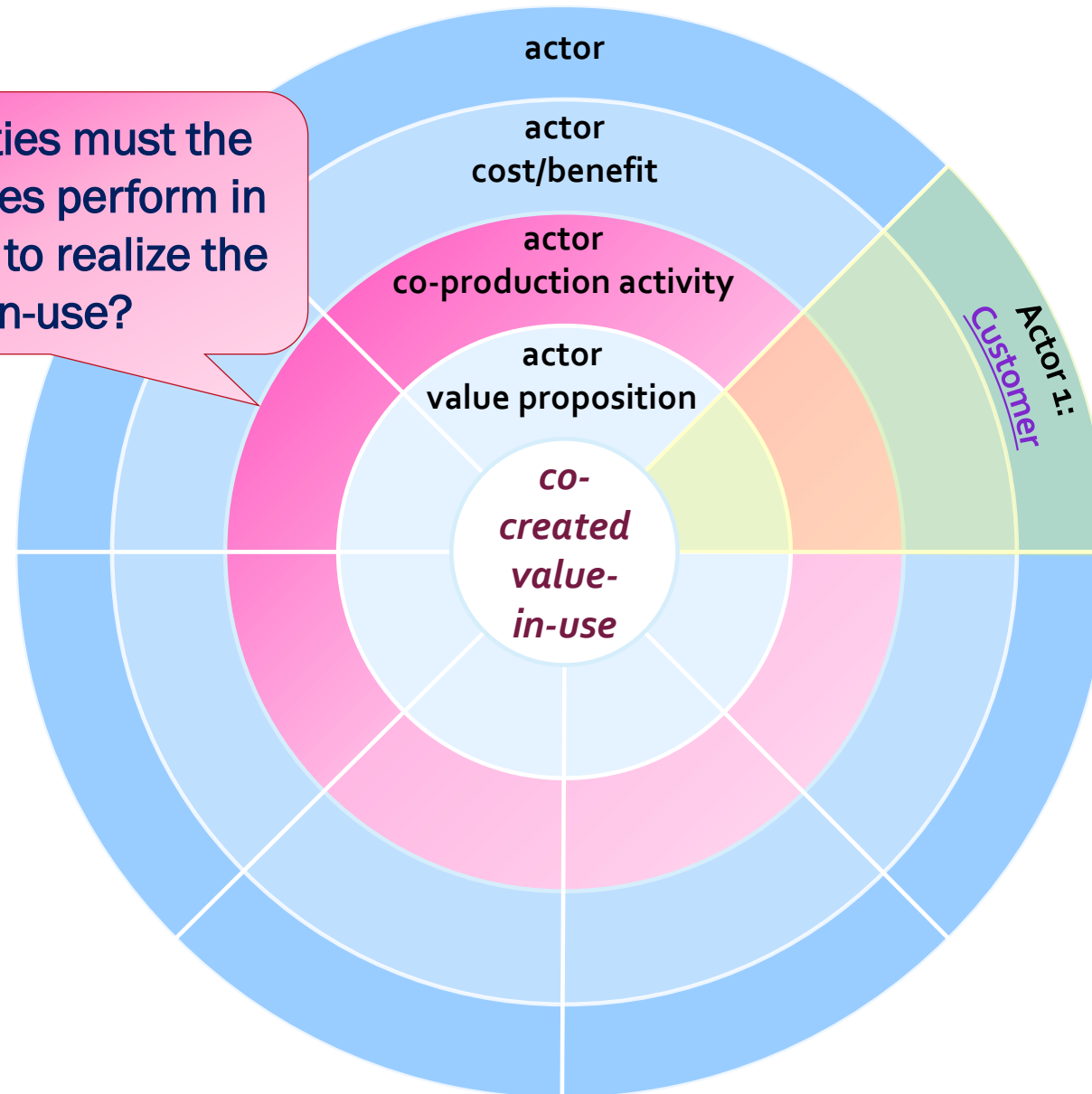


## › BUSINESS MODEL RADAR



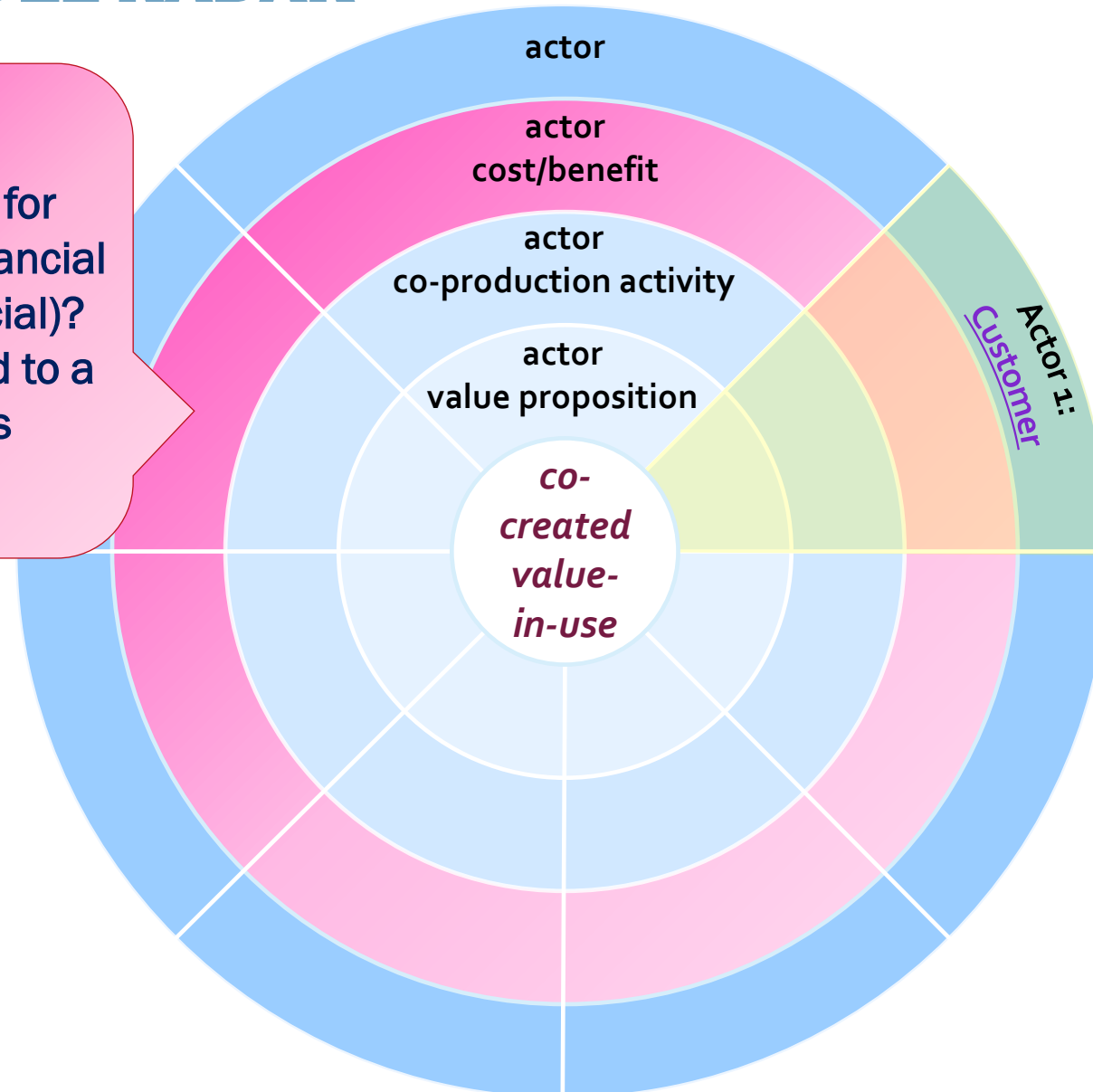
## › BUSINESS MODEL RADAR

Which activities must the network parties perform in collaboration to realize the value-in-use?

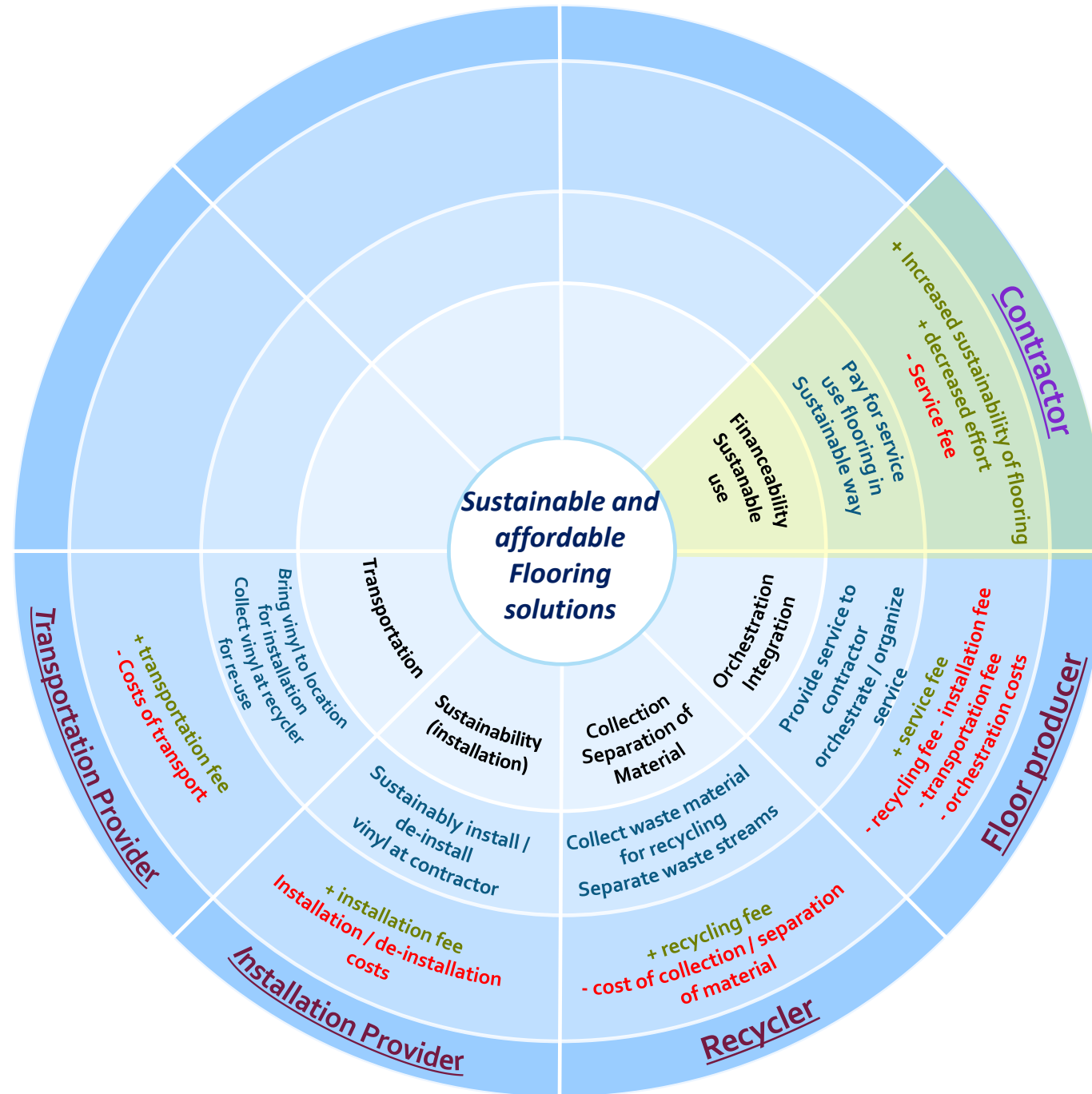


## › BUSINESS MODEL RADAR

- What are the costs/benefits for each actor (financial and non-financial)?
- Does this lead to a viable business network?



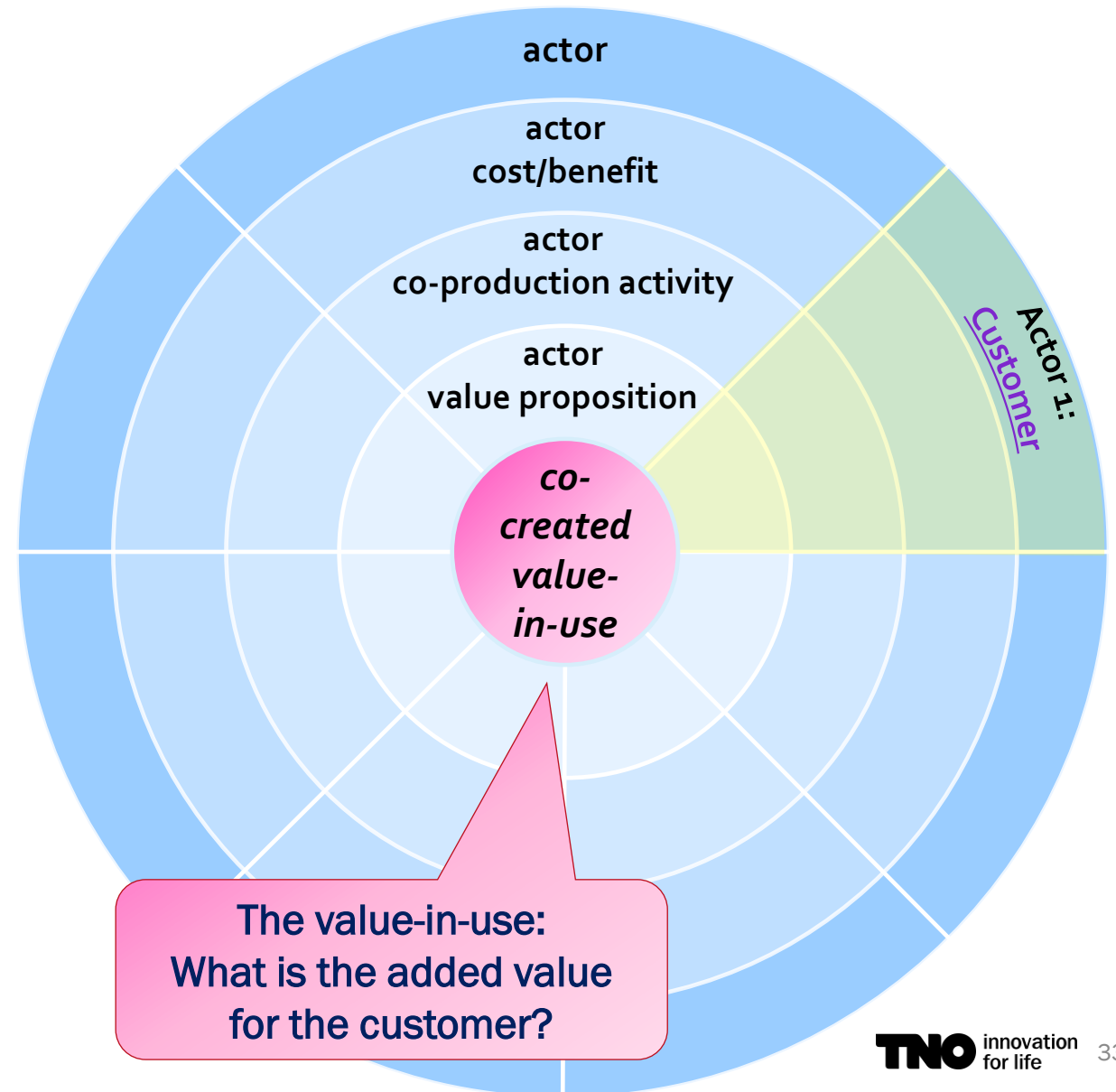
## EXAMPLE



## › PRACTICE!

# BUSINESS MODEL RADAR

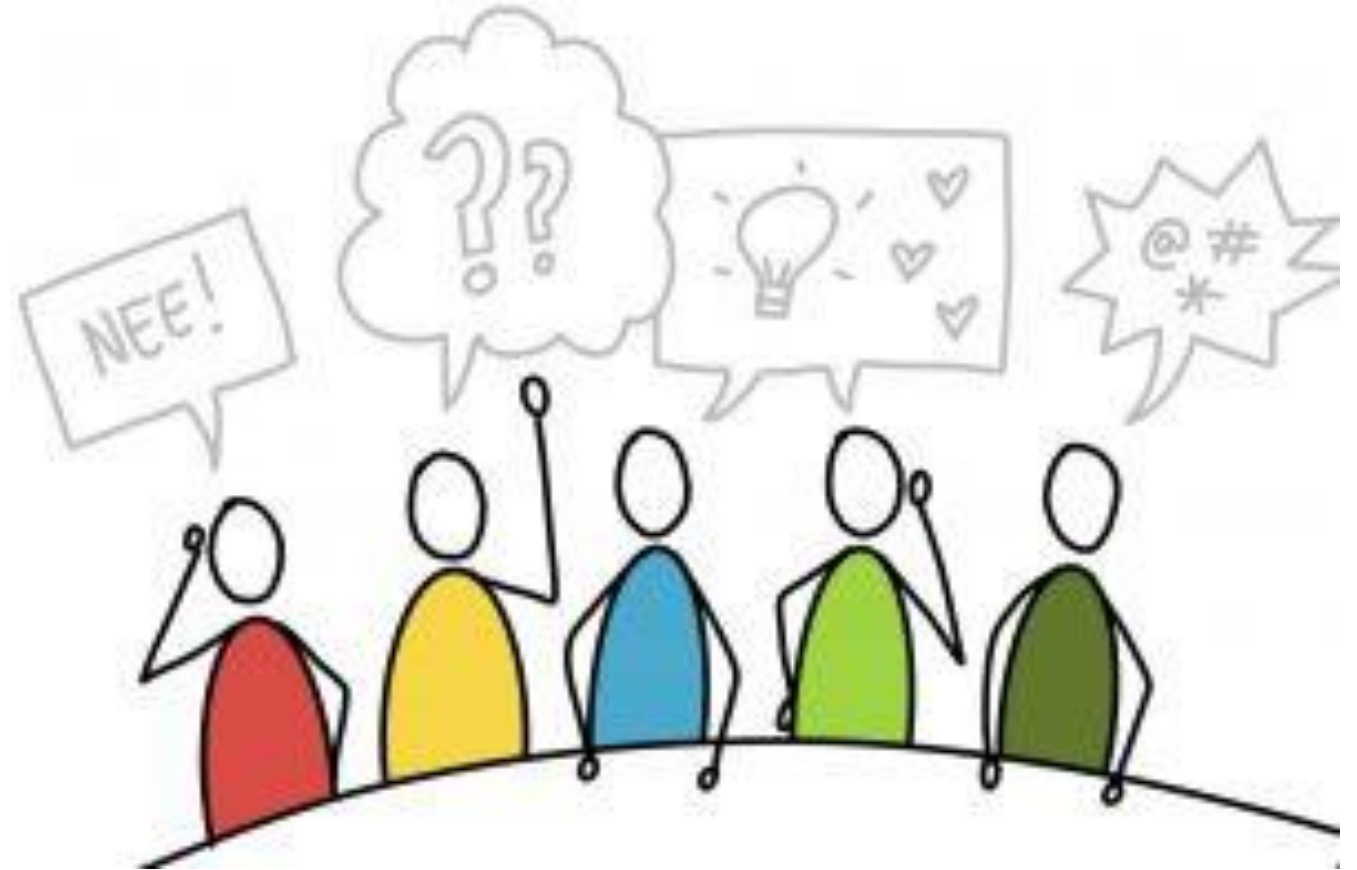
- › Use the previous exercise on the value chain as input for the business model radar
- › Consider the following questions
  - › What is the joint value that can be created to the end customer and what does that imply for all involved actors?
  - › How are the costs and benefits for the joint value proposition divided among the involved actors? Is this division fair and otherwise what should change and how can this be achieved?
- › 25 minuten



## › COLLABORATION

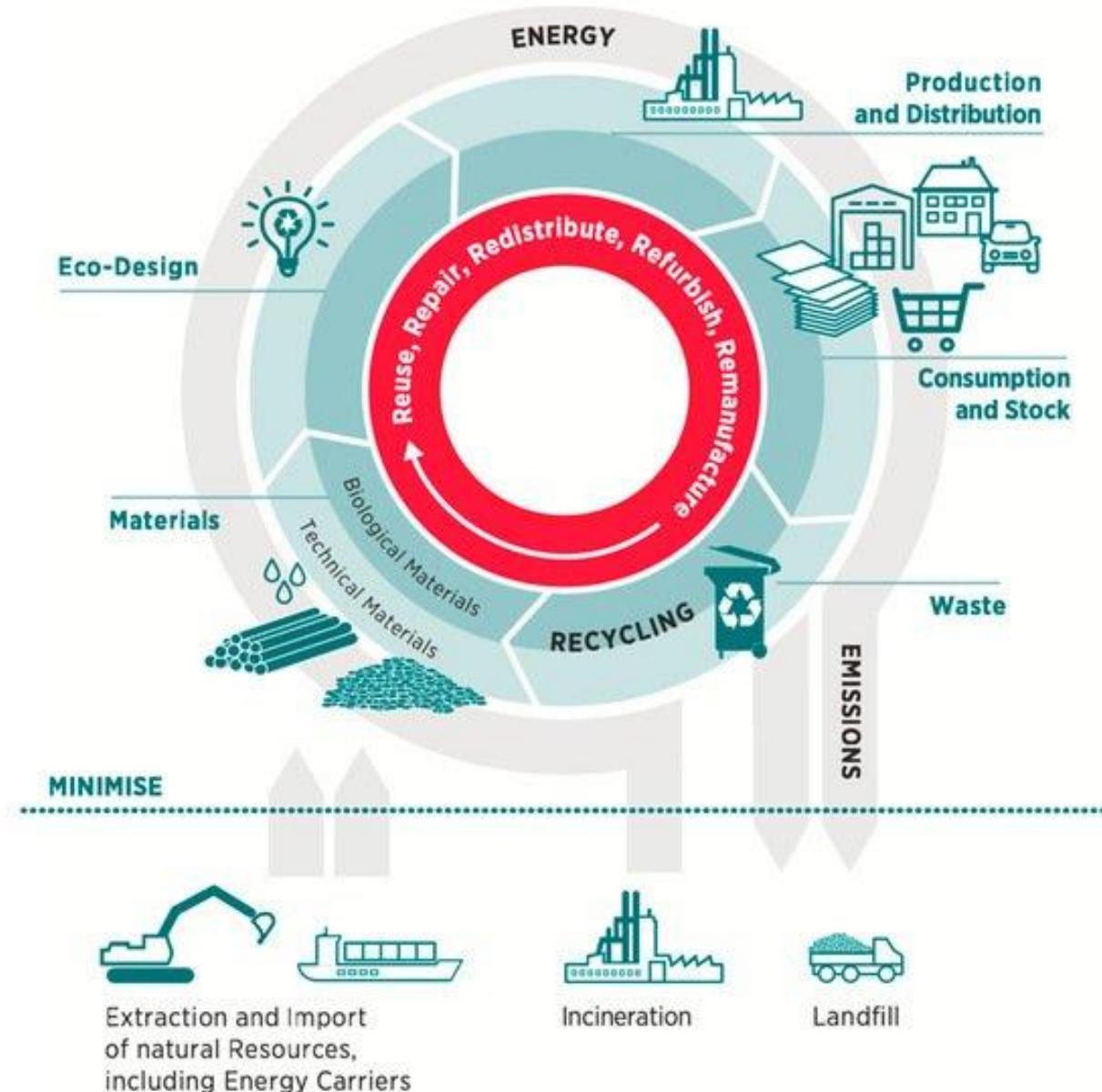
# HOW TO ORGANIZE COLLABORATIONS IN YOUR VALUE NETWORK THAT HELP TO CREATE IMPACT

- Business model types and strengths
- Types of collaborations
- Types of organizations



# › CIRCULAR BUSINESS MODELS MORE THAN BIOBASED MATERIALS

- Replacing conventional materials with biobased materials still requires considering the impact that your company has
- How well does your customer maintain the product in order to expand the lifetime?
- What happens after end-of-life?
- There are various types of business model types available!





# TYPES OF CIRCULAR BUSINESSMODELS

› In the built environment most common types of business models are product-oriented

## DESIGN

- Design-for-dissassembly
- Substitute (different resources; biobased, etc.)

## OPTIMAL USE

- Pro-long life-time (repair, provide services)
- Product-as-a-service
- Sharing platforms
- Market places

## VALUE RECOVERY

- Repurpose (second hand markets)
- Refurbish
- Re-/upcyclen waste streams, materials or products

# STRENGTHS OF BUSINESS MODELS



## 1. Switching Costs.

How easy or difficult is it for customers to switch to another company?



## 2. Recurring Revenues.

Is every sale a new effort or will it result in quasi-guaranteed follow-up revenues and purchases?



## 3. Earnings vs. Spending.

Are you earning revenues before you are incurring costs?



## 4. Game-changing Cost Structure.

Is your cost structure substantially different and better than those of your competitors?



## 5. Others Who Do the Work.

How much does your business model get customers or third parties to create value for you for free?



## 6. Scalability.

How easily can you grow without facing roadblocks (e.g., infrastructure, customer support, hiring)?



## 7. Protection from Competition.

How much is your business model protecting you from your competition?



## › COLLABORATION

### DIFFERENT REASONS TO COLLABORATE

#### Joint Learning

- Learn from each other to strengthen the own position
- Collaboration without strict obligations

#### Resource Sharing

- Resource sharing, e.g. infrastructure, data, materials
- Allows to strengthen each other without having to reinvent everything yourselves

#### Finance Alignment

- When you need help to have a proper business case or when you need each other to be able to make an investment
- Intensive form of collaboration and formalisation is required

# › COLLABORATION

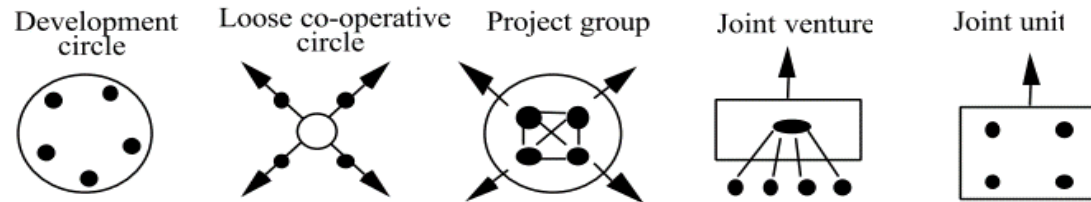
## INTENSITY OF COLLABORATIONS

### WHAT TYPE OF COLLABORATIONS SUITS WITH WHICH PARTNER? YOU CAN HAVE DIFFERENT COLLABORATION TYPES WITH DIFFERENT PARTNERS

- **Networking** is limited to exchanging experiences and exchange information which is of mutual benefit;
- **Coordination** includes sharing experiences and information for mutual benefit and coordinating activities to work in a more efficient way;
- **Cooperation** besides sharing experiences, knowledge and coordinating activities, it further includes sharing resources to reach aligned targets;
- **Collaboration** entities share information, resources and responsibilities to together plan activities, execute them and evaluate them and aiming to achieve a joint goal.

## › SAMENWERKING

# VERSCHILLENDE VORMEN VAN SAMENWERKING



<b>development circle</b>	Regular and purposeful meetings are held between entrepreneurs, meant for learning and knowledge transfer. In this form there are no strategic aims, and there is no financial commitment required.
<b>loose cooperative circle</b>	Firms share a common resource, but do not run a joint business (contract bonds are loose).
<b>project group</b>	A project group, usually build for one occasion, aims at developing a joint business by combining the complementary resources and skills of partners. Activities take place on a higher strategic level.
<b>joint venture (special purpose vehicle)</b>	A jointly owned company, which allows for firms to find and seize new business opportunities together and share risks.
<b>joint unit</b>	The most formal and tight form in which participants set up a new company, place themselves inside it and allow their own images as independent companies to fade

# › COLLABORATION EXERCISE

## THINK ABOUT THE FOLLOWING QUESTIONS:

- Are there other business model types suiting your business?
- In what way do you collaborate with different actors? With whom would you have to enforce collaboration in terms of scaling?
- How would you like to organize such a collaboration? Freely or very formal, what does your product/service needs?

## › **DECISION MAKERS**

- › Interaction between large companies and start-ups
- › Large companies acknowledge the importance of start-ups as innovative and important actors
- › But: collaboration between start-ups and large companies is not easy

## › DECISION MAKERS



Large companies have access to a large market and can work on large scale

- Making decisions takes a long time
- Large companies have to work with a reputation and established way of operating
- Large companies think in larger scale



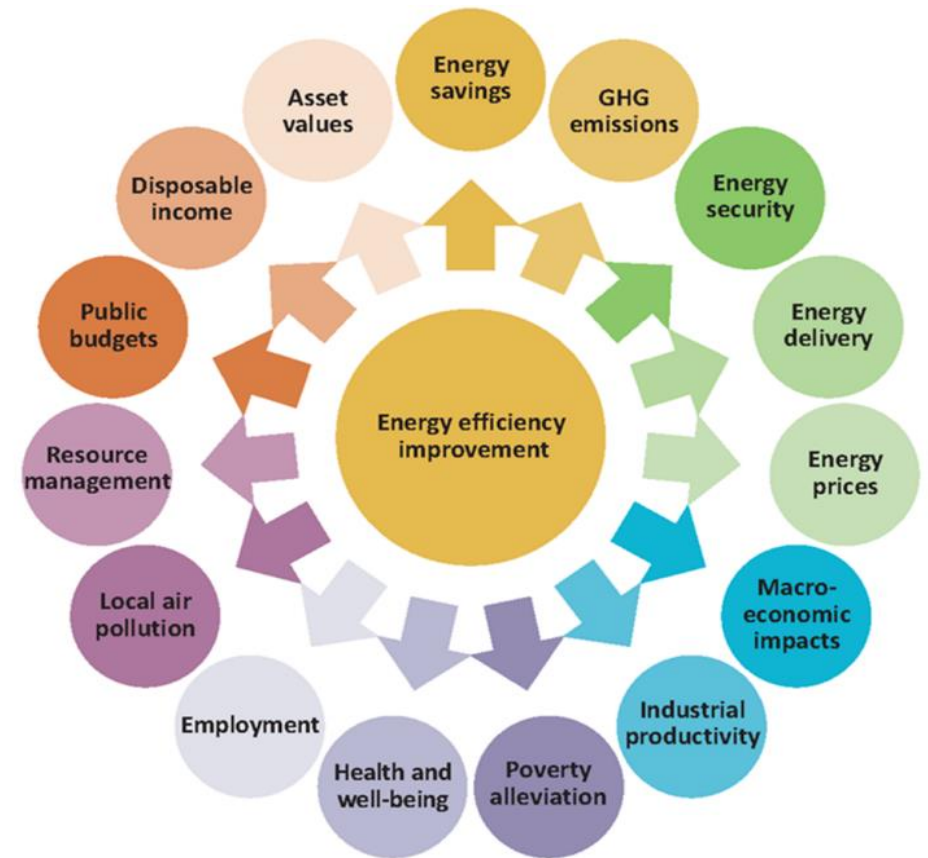
Startups are flexibel en bring new innovations

- Startups decide fast and do often not yet have a clear vision
- Startups are fast and not scared, there is little/nothing to loose
- Startups want to scale and not be committed to one party only too soon



## › MULTIPLE BENEFITS

- Be aware that the solutions you are providing is in competition with all startups that provide similar solutions
- It is important to be aware of what the 'pains' of the large companies are and to see if your solutions solves that
- Which benefits can be derived from my value proposition?

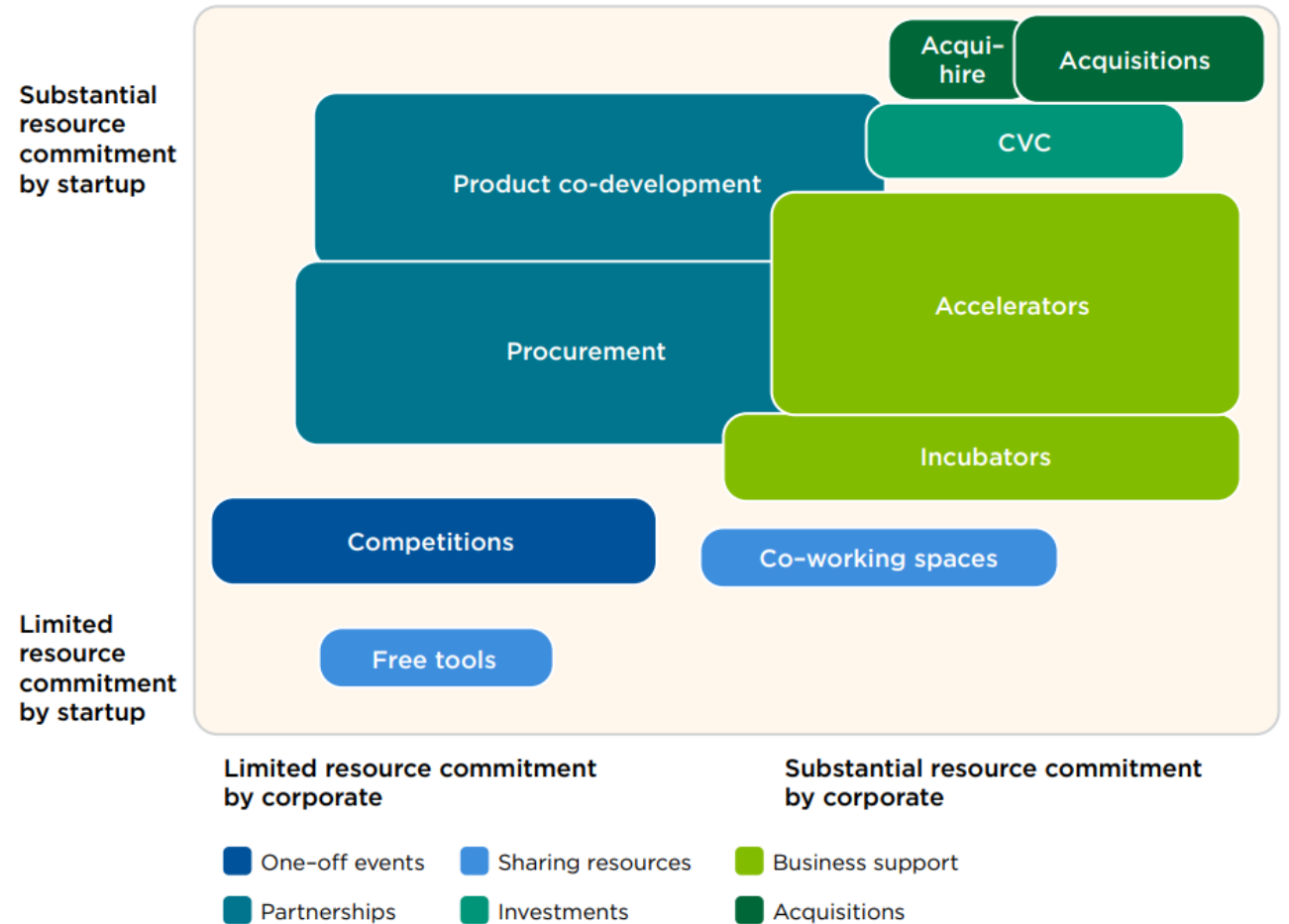


*Ryan, L., & Campbell, N. (2012). Spreading the net: the multiple benefits of energy efficiency improvements.*

## › INTERACTION

Different types of resources you could offer or desire

- Financing
- Time
- Products
- Others, like market access



Mocker, V., Bielli, S. & Haley, C. WINNING TOGETHER A GUIDE TO SUCCESSFUL CORPORATE-STARTUP COLLABORATIONS

## › **NEXT STEPS**

# **WAT HEBBEN JULLIE VAN ONS NODIG OM VERDER TE GROEIEN?**

### **WAT WE KUNNEN BIEDEN:**

- Een-op-een follow-up (online) gesprekken voor verder ondersteuning
- Volgen van de andere workshops rondom ‘business-as-usual’ en product vermarkting
- ....

## › **BENODIGDHEDEN**

### **REGELEN:**

- Post-its, stiften
- Business Model Radar op A3 printen

