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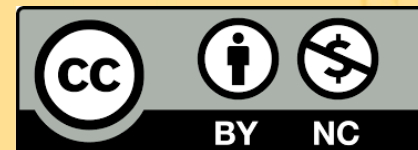
# **BUSINESS MODELS FOR NATURE-BASED ENTERPRISES**

## **PART I BUSINESS MODELS & VALUE PROPOSITION**

### **Lecture – online / in-person**

Credit: Horizon Nua

*Content created in 2024*



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# Learning Outcomes for this Learning Unit

- Understand what is a business model and how the business model for a nature-based enterprise may be different from that of other businesses.
- Understand the different types of business model tools appropriate for different types of business.
- Apply this knowledge in identifying the business model tool most useful for your business.
- Use this tool to start creating your own business model - in this learning unit (Part I) we focus on analysing your value proposition and activities. In the next learning unit (Part II), we evaluate different options for generating revenue and investigate different cost structures.


## Recap: What is a Business Model?

Two elements:

1. The narrative of who your customers are, what they value and how you'll deliver that value **THIS IS THE FOCUS OF THIS LEARNING UNIT**
2. The numbers behind the story – how you make money to operate from delivering value . **THIS IS THE FOCUS OF THE NEXT LEARNING UNIT**

$$\text{PROFIT} = \text{REVENUE} - \text{COST}$$

↑                    ↑                    ↑  
TO INCREASE   ... INCREASE   ...OR DECREASE  
THIS...            THIS...            THIS



“When business models don’t work, it’s because they fail either the narrative test (the story doesn’t make sense) or the numbers test (the P&L doesn’t add up).”

MAGRETTA, J. 2002. Why business models matter. [\*Harvard Business Review\*](#), 80, 86-92.

## What is a Business Model Canvas?

- A strategic management tool to help you build your story in a visual way and identify the numbers that need to be considered.
- The original business model canvas was developed by Osterwalder and Pigneur in 2005\*.
- Since then, it has become one of the most commonly used strategic management tools with over 7 million users worldwide\*\*.
- Many variations of the business model canvas have emerged.

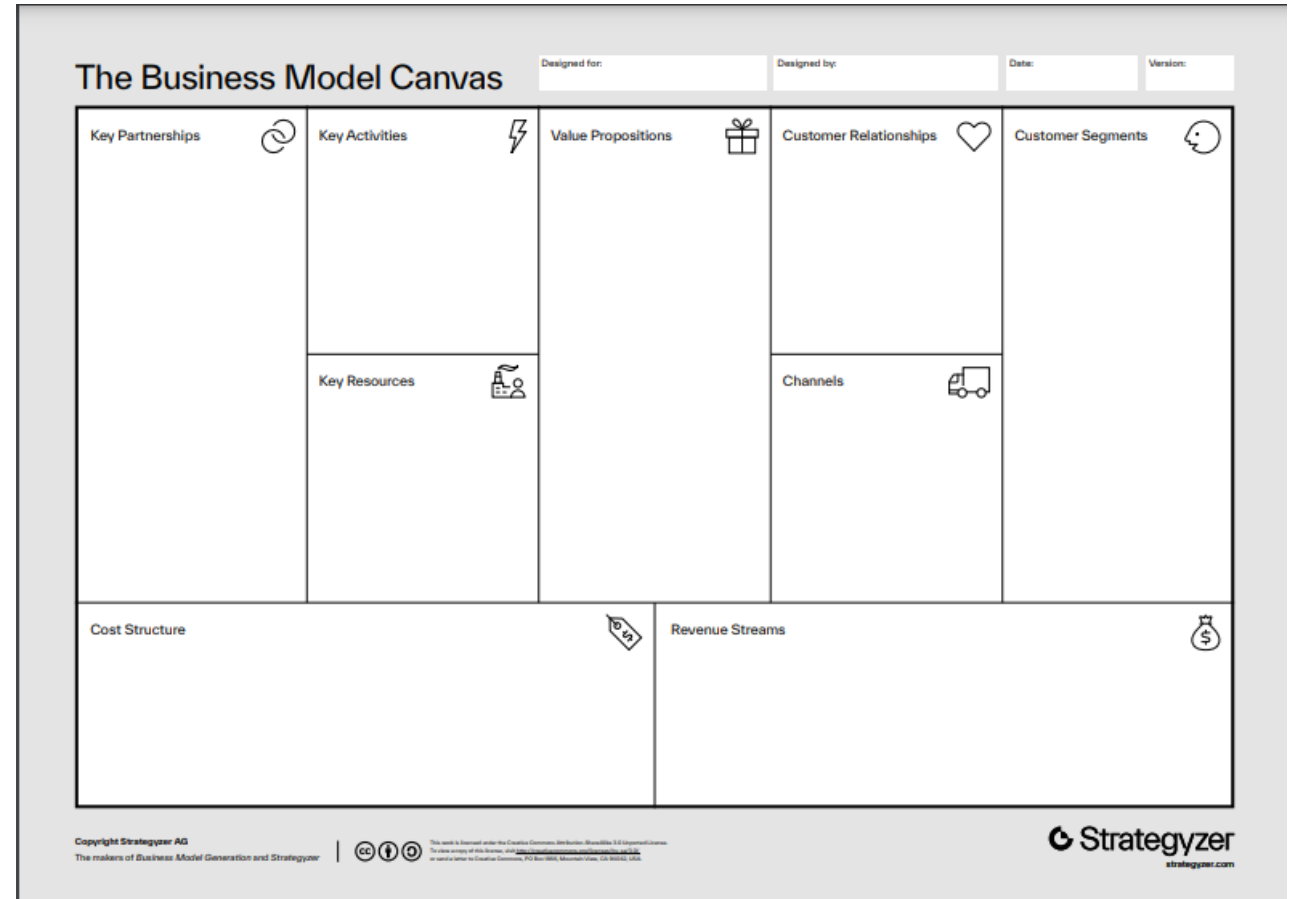
\* Osterwalder, A., Pigneur, Y., & Tucci, C. (2005). Clarifying Business Models: Origins, Present, and Future of the Concept. Communications of the Association for Information Systems, 16, pp-pp. <https://doi.org/10.17705/1CAIS.01601>

\*\* <https://www.strategyzer.com/library/the-business-model-canvas>

# The 'Classic' Business Model

9 building blocks:

- Value proposition at the core
- 'Customer' building blocks on the right
- 'Delivery' building blocks on the left
- Numbers' at the bottom

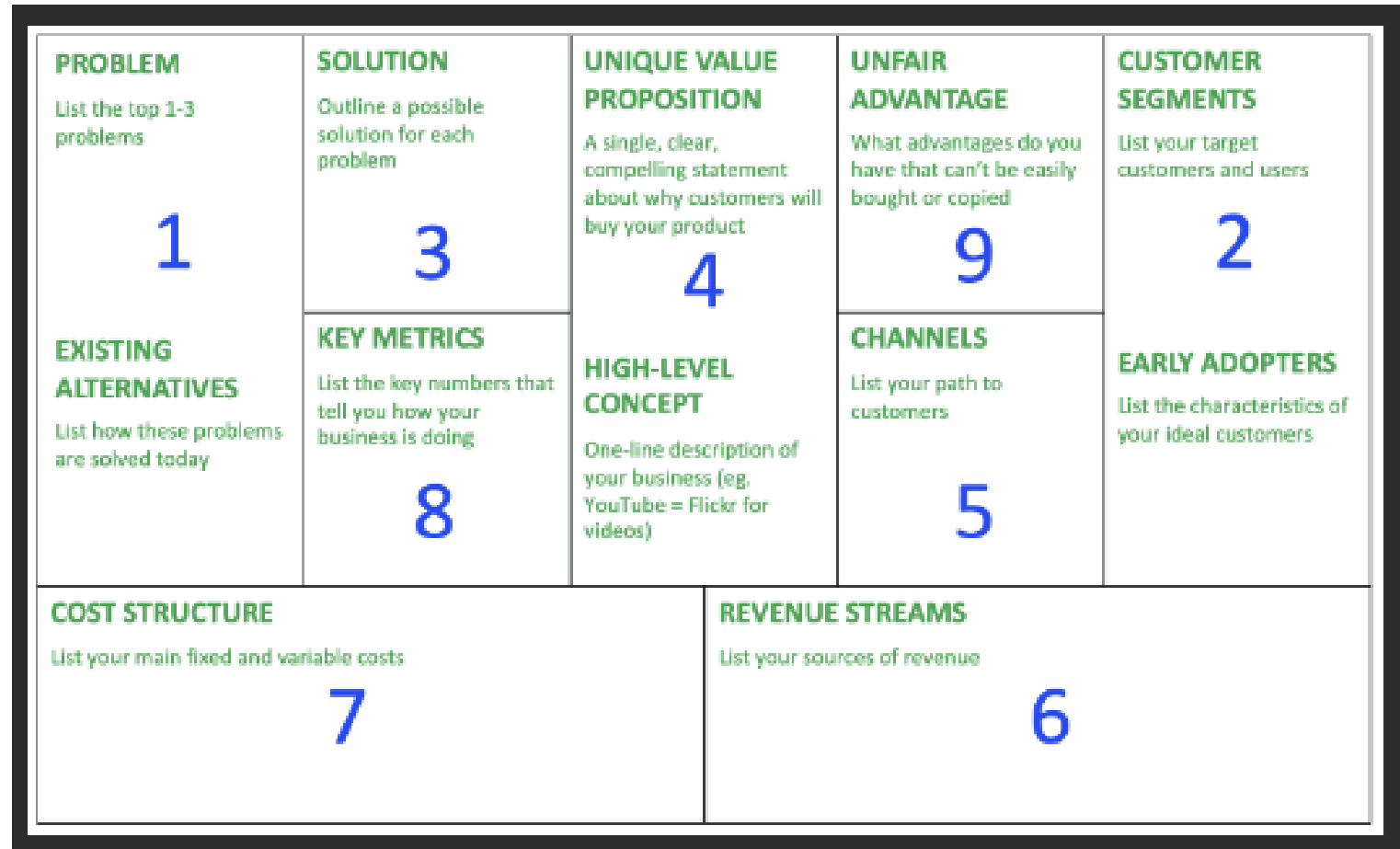


# The 'Lean' version

For start-ups following a lean start-up approach\* i.e. moving quickly, testing, failing early or improving and adapting quickly.

This business model helps to decide whether or not the business model itself is viable.

\* Ries, Eric. *The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses*. Crown Currency, 2011.



## Triple Bottom Line

Today many businesses are realising that there is more to business than making a profit.

Nature-based enterprises are often driven by an environmental mission or a triple bottom line mission.

What kind of business model tools are available for these businesses?



Reference: <https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line>



# The Social Business Model Canvas

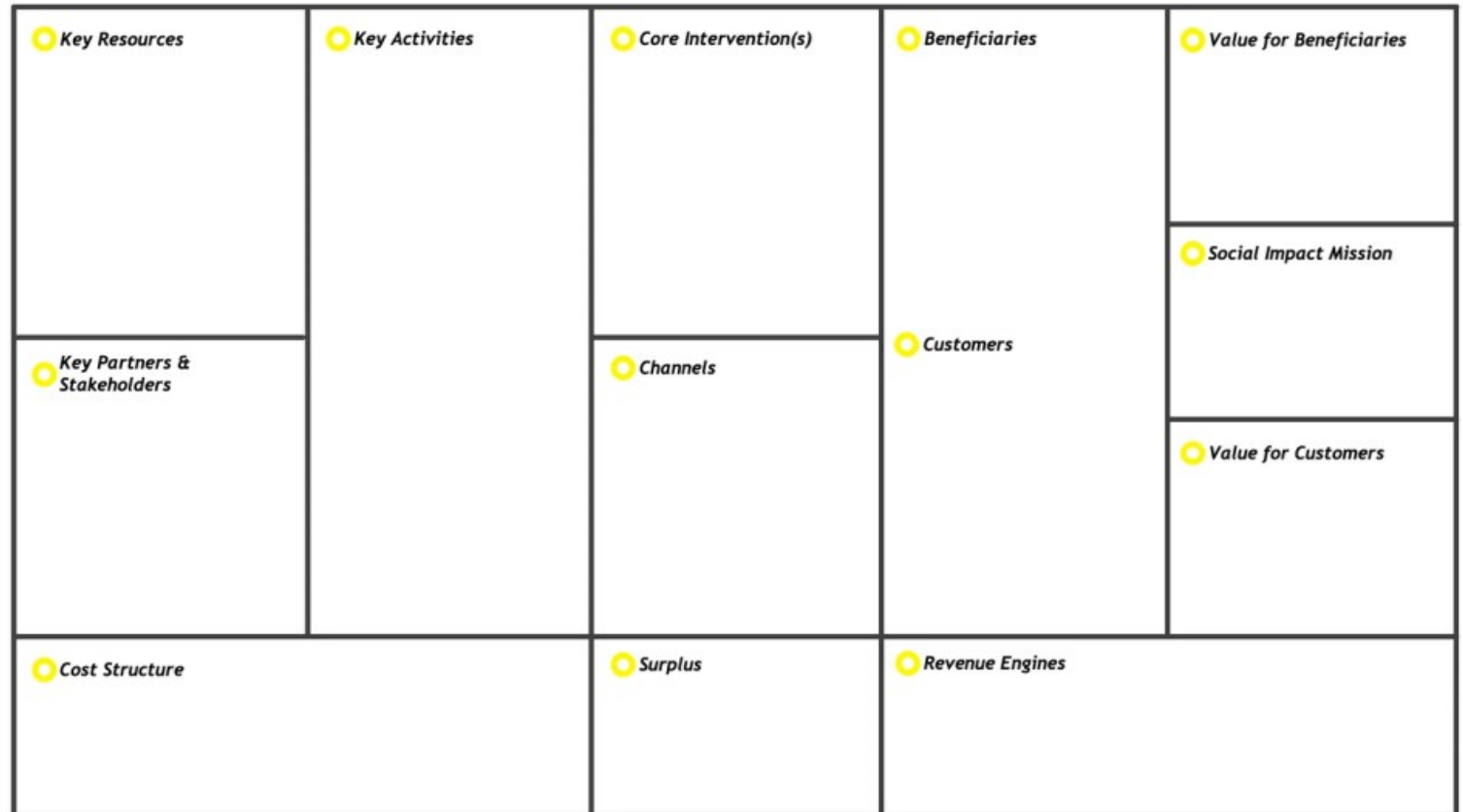
Recognises that not all businesses are primarily focused on profits.

12 Building Blocks focused on Social Impact Mission and the Core Interventions required to deliver it.

Considers beneficiaries as well as customers.

Considers how surplus is used.

Social Business Model Canvas



© Social Business Design

# The Social Business Model Canvas

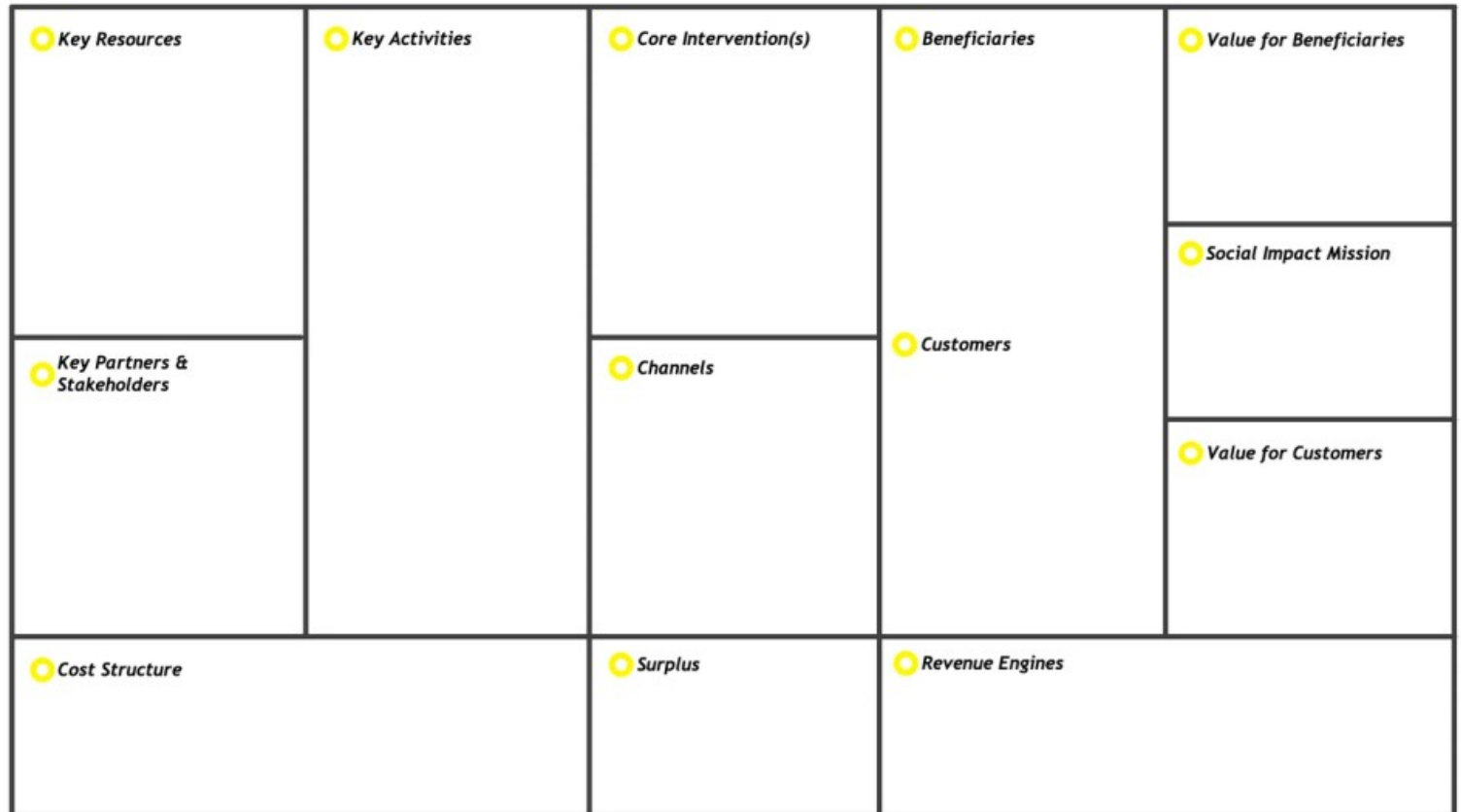
## Pair and Share / Group activity:

What is the difference between beneficiaries and customers?

How might that impact your business model?

**ACTIVITY**

Social Business Model Canvas

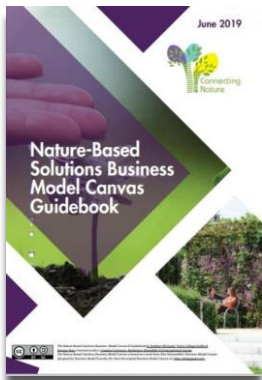


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# The Nature-Based Solutions Business Model Canvas

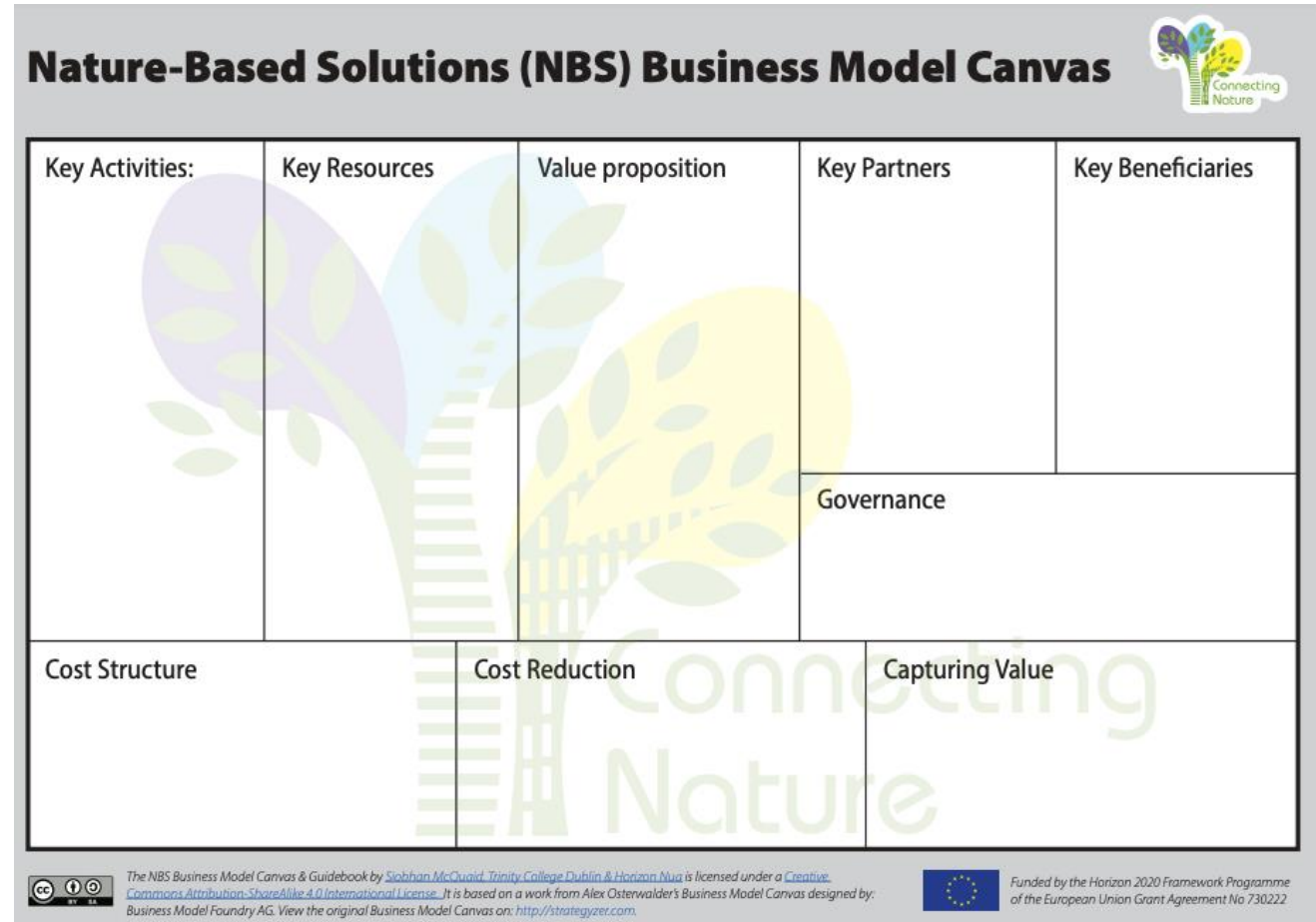
Co-created with cities to build cross-stakeholder collaboration on nature-based solutions.

Used to explore new sources of revenue and cost reduction.



Guidebook explaining how to apply the NBS BMC to NBS projects.  
<https://connectingnature.eu/sites/default/files/downloads/NBC-BMC-Booklet-Final-%28for-circulation%29.pdf>

NBE academic paper applying NBS BMC to two case studies.  
<https://www.sciencedirect.com/science/article/abs/pii/S1618866721001333?via%3Dihub>



**What kind of value do NbEs create?**

**What kinds of activities and resources are needed to deliver said value?**

**Who are your key partners and beneficiaries?  
(Learning Unit: Business Model Part I)**

**How will you turn this value into revenue?  
(Learning Unit: Business Model Part II)**



# Examples of NbE Business Models



- **Problem:** Unprecedented biodiversity decline.
- **Solution:** Rewilding, reforestation.
- **Value created:** Environmental: To increase nature and habitats (with native species), capture carbon, and increase biodiversity.



- **Problem:** Pollution and urban heat island effect, water run-off and decline in urban biodiversity.
- **Solution:** Living green roofs, façades, walls etc.
- **Value created:** Environmental: Increased biodiversity. Socio-environmental: Improved air quality, lower air temperatures, water retention.



The Mossy Earth Membership Report: top-level overview for Q1 2023. The 20% running costs cover salary of non-project related staff, tech infrastructure, non-project equipment, marketing (residual), training/courses, and other non-project expenses.



## A word from Jonathan in Helix...



## More examples of NbE Business Models



Sustainable Tourism,  
Health & Wellbeing

- **Problem:** Health problems related to stress of modern lifestyles. Disconnection from nature.
- **Solution:** Nature-based health promotion, disease prevention, treatment, and rehabilitation.
- **Value created:** Improved human health & wellbeing (physical and mental) and human-nature connections.



Smart Tech

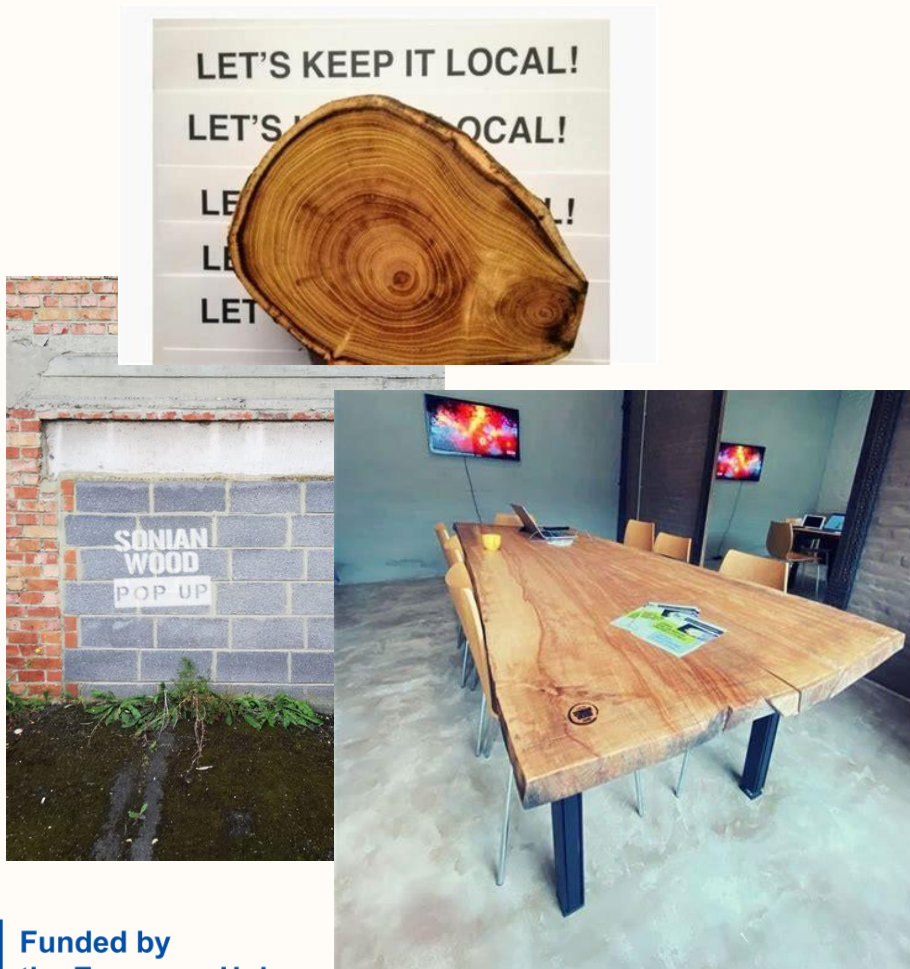
- **Problem:** Monitoring & impact measurement are difficult and expensive.
- **Solution:** Satellite imagery, spatial tools, environmental sensors, data analytics, virtual reality etc.
- **Value created:** To help better understand, monitor, and manage, and to reconnect citizens to nature.



  
Ecowellness Consulting  
Nature Based Interventions



## Key Activities



- How will you deliver all elements of your value proposition?
- What do you need to do to get to the point of delivering your product/service to a customer/end user e.g. R&D, Production, marketing, community engagement?
- Don't forget about follow-up and after care!
- Example: Sonian Wood Co-operative makes furniture from local wood. Deliver through permanent and pop-up shops and online. Key activities include raising local awareness (Kampelmann, 2021).



## Key Resources



- What resources do you need to deliver your activities?
- These resources could be human, financial, physical, technological, intellectual....
- Example: Sonian Wood Cooperative needs equipment (capital investment costs), working capital investment for 2 years, people, access...(Kampelmann, 2021).

## Key Partners

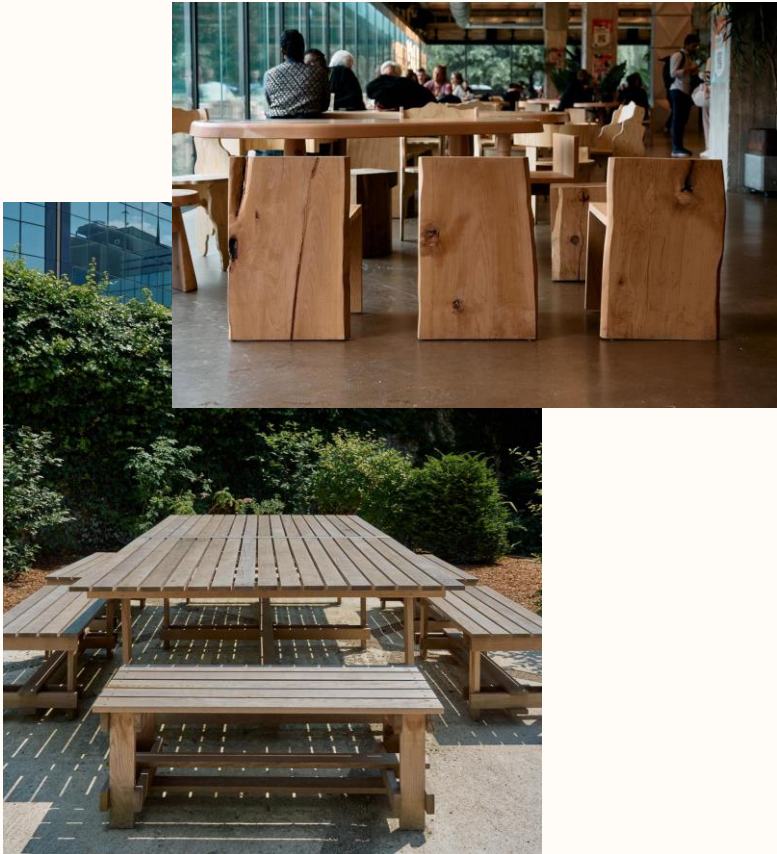


Source: <https://sonian.brussels/>

- Who are the key partners needed to deliver your value proposition?
- These partners could be the local community, local businesses, local municipalities and government departments.
- Example: Key partners of Sonian Wood Cooperative include sawmill partners, co-op shareholders and designers and architects (Kampelmann, 2021).



## Key Beneficiaries

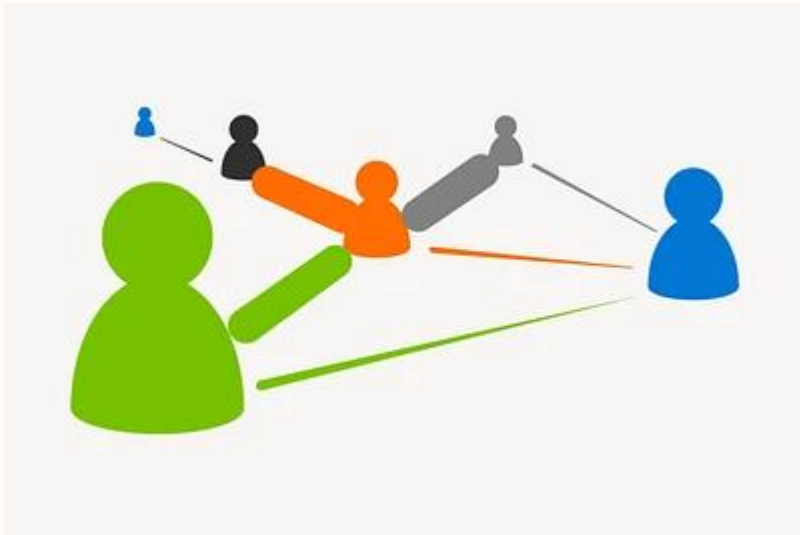


Source: <https://sonian.brussels/>

- Who are those who will benefit from your value proposition?
- Consider both direct end-user beneficiaries and indirect beneficiaries. These can include local residents, businesses, the city, government etc.
- Example: Key beneficiaries of Sonian Wood Cooperative include the woodworkers (access to locally sourced & consistent supply), subcontractors (higher local demand) and forest managers (Kampelmann, 2021).



## A bit about governance



- Governance refers to how the NBS will be managed and operated on an ongoing basis.
- Governance models of NBS include traditional public administration, new public management, private-private partnerships, societal resilience and network governance.
- Example: Sonian Wood Cooperative used the following governance approach: leadership through coalition of local organisations and shareholding by public agencies and non-profit organisations (Kampelmann, 2021).



# Building your Business Model - Part I

Focus of exercise today

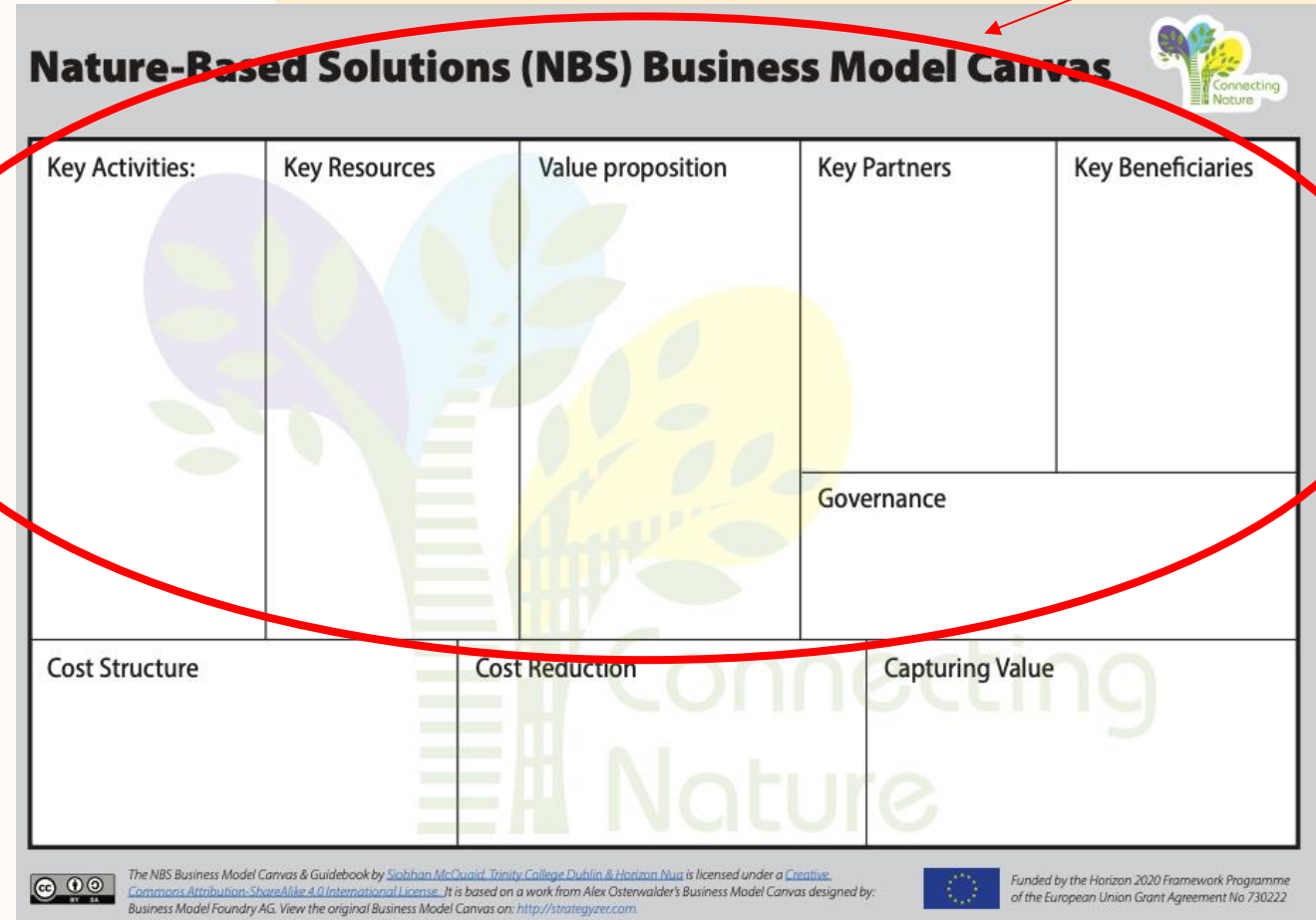
## Group / Pair and Share:

What type of value does your NBE create?

What activities and resources are needed to deliver this value?

Who are your key partners and beneficiaries? What kind of governance structure is needed to engage with them?

**ACTIVITY**



# Final Reflection: Business Models for Nature-based Enterprises Part I

*Reflect on your learning:*

- What is your key takeaway from this lesson?
- What new information will you share with others?

## Sources of Further Reading

- [Magretta, J. 2002. Why business models matter. Harvard Business Review, 80, 86-92.](#)
- [Osterwalder, A., Pigneur, Y., & Tucci, C. \(2005\). Clarifying Business Models: Origins, Present, and Future of the Concept. Communications of the Association for Information Systems, 16, pp-pp. <https://doi.org/10.17705/1CAIS.01601>](#)
- [Strategyzer, The Business Model Canvas. Accessed from: <https://www.strategyzer.com/library/the-business-model-canvas>](#)
- [Ries, Eric. The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses. Crown Currency, 2011.](#)
- [Connecting Nature, Nature-Based Solutions Business Model Canvas Guidebook \(June 2019\). Accessed from: <https://connectingnature.eu/sites/default/files/downloads/NBC-BMC-Booklet-Final-%28for-circulation%29.pdf>](#)
- [Kampelmann, S. \(2021\). Knock on wood: Business models for urban wood could overcome financing and governance challenges faced by nature-based solutions. Urban Forestry & Urban Greening, 62, 127108. <https://doi.org/10.1016/j.ufug.2021.127108>](#)



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