



**NBS
EduWORLD**



BUSINESS MODELS FOR NATURE-BASED ENTERPRISES

PART II: COSTS & REVENUE GENERATION **Lecture – online / in-person**

Credit: Horizon Nua

Content created in 2024



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Learning Outcomes for this Learning Unit

- Recap on different types of business model canvas (BMC) tools available.
- Dive deeper into the elements of the business model canvas relating to generating revenue and investigate different cost structures.
- Apply this knowledge to your business.
- Complete the BMC (from previous learning unit) to evaluate different options for generating revenue and investigate different cost structures as well as cost reduction methods.

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 THE PREVIOUS LEARNING UNIT**
2. The numbers behind the story – how you make money to operate from delivering value . **THIS IS THE FOCUS OF THIS LEARNING UNIT**

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

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

**What kind of value do NbEs create?
(Learning Unit: Business Model Part I)**

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

**What costs are associated with delivering this value and
how might these be reduced?
(Learning Unit: Business Model Part II)**

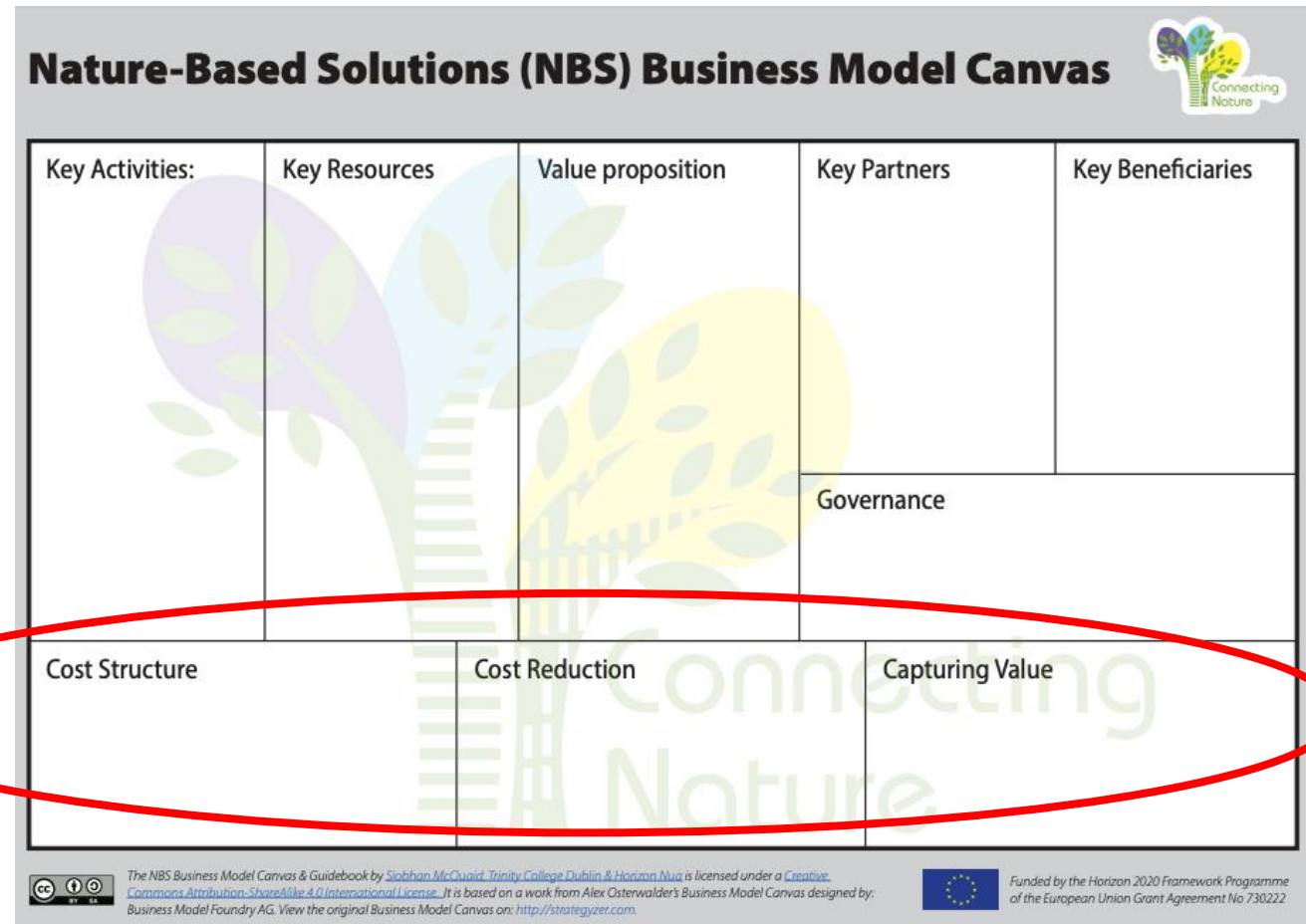


See Learning Unit: Business Models Part I

for an overview of different types of Business Model Canvas (BMC) oriented towards different business activities

- The original BMC (Osterwalder & Pigneur, 2005)
- BMC for lean startups
- BMC for social enterprises
- **BMC for nature-based solutions**

Learning Unit: Business models Part II
Focus on cost structure, cost reduction and revenue generation



Capturing Value



Source: creditscoregeek.com/

- How can the value of NBS be captured?
- Consider the different types of value relevant to NBS i.e., environmental, social and economic.
- Example: Sonian Wood Cooperative captures value through direct revenue from retail and projects (Kampelmann, 2021).



Translating Value into Revenue: Different Approaches

- Product / Services e.g. agro-food, forestry etc
- Once-off project-based revenue e.g. ecosystem restoration project
- Maintenance fee e.g. maintaining a green wall
- Subscription fee e.g. annual seed package
- Leasing/renting e.g. sustainable tourism
- Licensing e.g. smart technology app
- Advertising / Sponsorship e.g. GIY
- Other ???



Translating Value into Revenue

Group / Pair and Share:

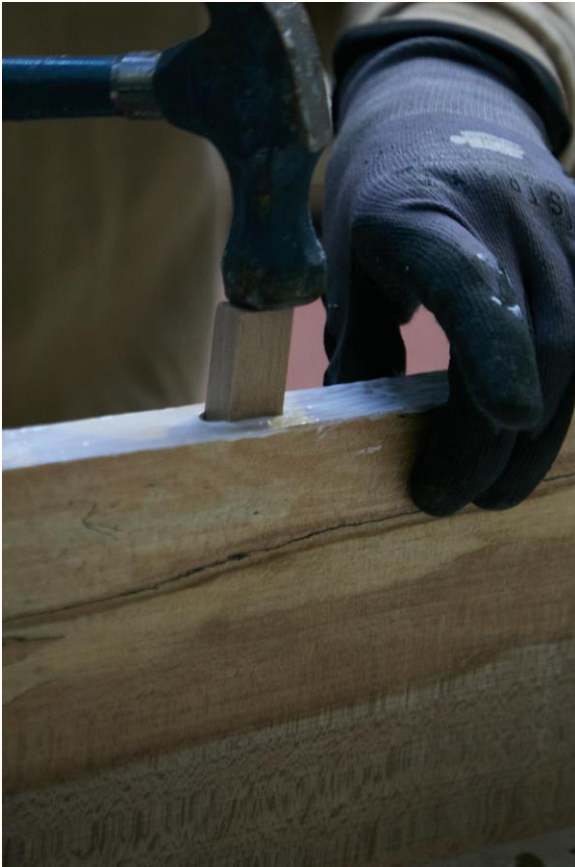
What type of value does your NbE create?

How can it generate revenue?

ACTIVITY

- Product / Services e.g. agro-food, forestry etc
- Once-off project-based revenue e.g. ecosystem restoration project
- Maintenance fee e.g. maintaining a green wall
- Subscription fee e.g. annual seed package
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- Advertising / Sponsorship e.g. GIY
- Other ???

Cost Structure



- What are the ongoing costs of delivering/maintaining the NBS?
- Consider which of these costs are fixed or variable and whether there is scope for economies of scale.
- Example: Sonian Wood Cooperative has costs associated with production (e.g., transport, milling), personnel, machinery and rent (Kampelmann, 2021).

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

Cost Structure - CAPEX and OPEX

Think about:

CAPEX: Capital costs (equipment, construction costs...)

OPEX: Operating costs (licence fees, maintenance, materials, staff...)



Cost Structure - Example

“So let's say that we want to develop an app sampling model for weather forecasts, this is something that is very sought after with improved conditions compared to the official national ones, for instance, downscaling. So we use project based funding to develop the early stages of the model to put into production all of the capex investment to produce it so that as soon as it reaches a certain level of maturity, we only need to get the professional clients to pay for the operational costs which are much less than the development ones.”

Smart Tech NBE

Cost Reduction



Source: rawpixel.com

- How can NBS costs be reduced?
- Such efforts can reduce direct costs e.g. volunteers reduce personnel costs.
- Example: Sonian Wood Cooperative reduces costs by internalising operations, focusing on B2B, and collaborating with industrial players for large volumes (Kampelmann, 2021).

Cost Reduction



Consider for example:

- ✓ Community involvement
- ✓ Citizen science
- ✓ Government grants

Examples of NbE Business Models



Ecosystem Restoration & Management

- Problem: Unprecedented biodiversity decline
- Solution: Rewilding, reforestation
- Value created: Environmental: To increase nature and habitats (with native species), capture carbon, and increase biodiversity
- Revenue: Membership.
- **Cost reduction: End-user involvement**
- **USP: Transparency and impact**



Green Buildings

- 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)
- Revenue: Projects, maintenance, rental, sponsorship



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.



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
- **Revenue: fee-based (once-off/recurring), training, corporate events**



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
- **Revenue: once-off, maintenance or rental**



Building your Business Model - Part II

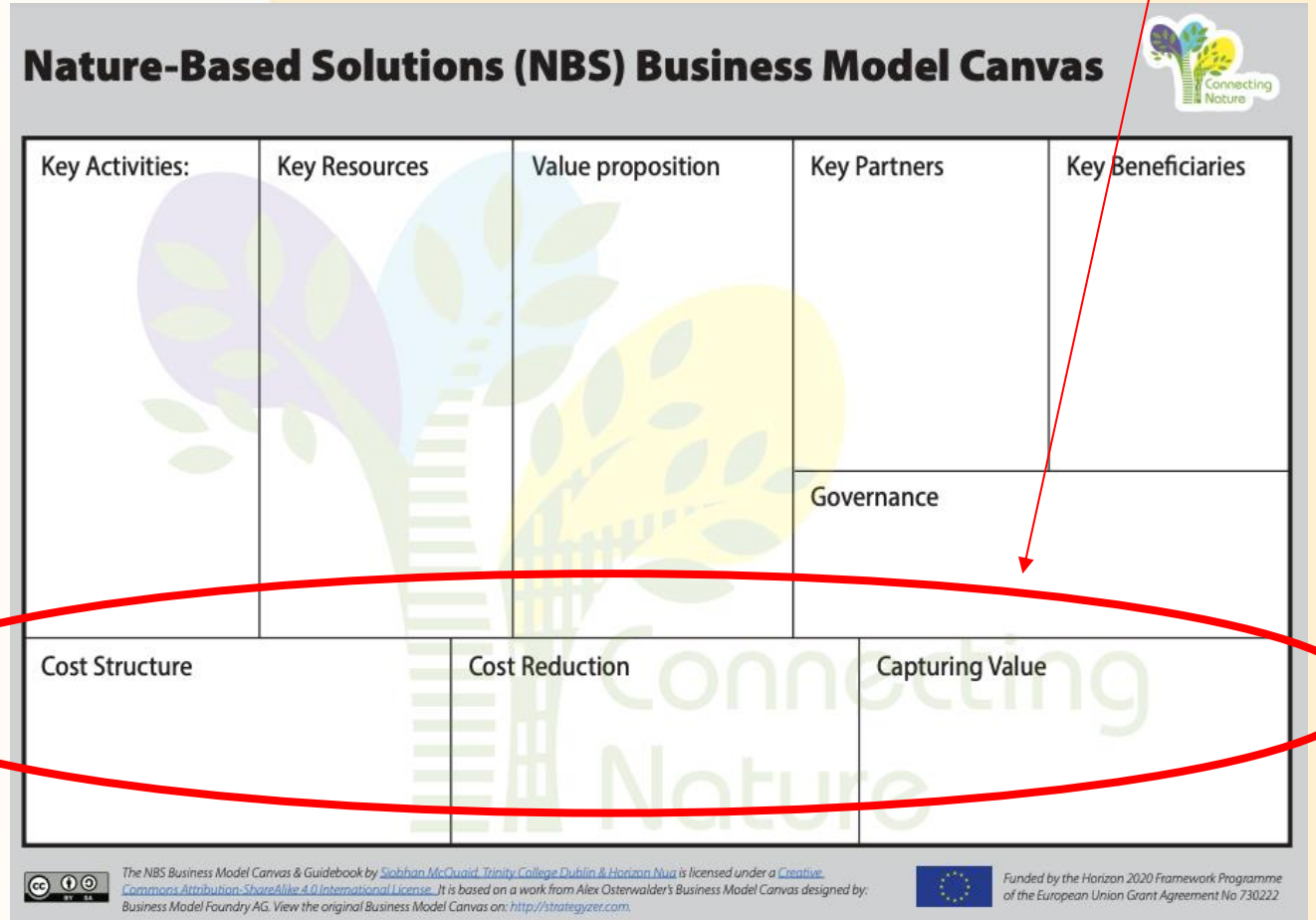
Focus of exercise today

Individual activity:

Recap on the different type of value your NBE creates e.g. social, environmental?

Consider how you can generate revenue from capturing this value?

What are your costs (considering key activities and resources required)? Is there any option to reduce or offset these?



ACTIVITY



Final Reflection: Business Models for Nature-based Enterprises

Part II

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>](#)
- [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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