Caring for the future: The systemic design of flourishing enterprises
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Caring for the Future: The Systemic Design of Flourishing Enterprises

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The Resilience of *Sustainability*

The term has lost impact & meaning. For 3 decades we’ve anchored on *sustainability*.

- Since Bruntland Commission (1987)
- Sustainable *Development*
- Ecological *Modernization*

Consider these enablers of the status quo. *See Ehrenfeld (2000)*
Can we sustain “Sustainability?”

Another feature that makes the Brundtland concept of sustainability development problematic is that there is no way to ascertain whether or not the momentary state of the world is sustainable, i.e., whether the desired conditions will be present in the future. Sustainability is essentially not assessable other than to observe that the present world is, indeed, a flourishing place. Unsustainability, on the other hand, can be observed in the present and is a characteristic of our modern mode of living. Our knowledge of the rules that govern the transformation of the present to the future is doomed to be insufficient to allow us to determine whether the present conditions can or will persist into the future. Thus sustainability cannot be reduced to some deterministic set of characteristics and rules.
A Foundation for Speaking of Flourishing

Strong vs Weak Sustainability

• Non-substitutability of natural capital w/ others
• Emerged from Ayres (1998) & others criticizing the lack of progress from sustainable dev
• Few examples of strong sustainability in 90’s, & as applied to business, considered improbable.

• Aim for compatibility with The Natural Step (FSSD) & anchor in bio-physical sciences
• Living systems theories of (Allen et al) supply-side
• Socio-ecological systems & ecological macroeconomics
The Flourishing Enterprise

More than a model deeply rooted in a place.

What was that called again?

Strong SUPPLY CHAIN. Lines of governance.

Social Value within a community?

What flourishes?

Beyond Sustainable.

What does it need?

A leader. Shipyard.

A new word. "Stakeholders Happy."

Rethinking: "Core Business Happy."

Keep a straight face if no thing enterprise exists.

Value Constellation.

How can you invest in sustainability?

Electronic waste.

Supply Chain of a Coffee Production Network.

Regenerative Agriculture.

Patagonia.

We can measure like other systems within an organism.

How can we keep a straight face if no thing enterprise exists?

A new exchange based on sustainability.

Invest in future.

You vau!

Location.

Resource.

What do we want?

Complex and open.

Good in. Good out.

Balance.

Travel.

In the future, corporations will be seen.

As criminals.

SSBMC

What do we want?

Score.

Accountability.

Resource.

What do we want?

In a community.
“More sustainable” business models

- Product/Service Systems (Vezzoli, et al)
- Dematerialized product/services
- Circular economy / Supply-waste ecosystems
- Collaborative consumption
- Public-private incentive models
- Regional mutualism / Start-up safety nets

Best cases include -
- Interface (circular carpet model)
- Patagonia, Timberland,
- Unilever
Business Model Canvas

- Key Partnerships
- Key Activities
- Value Propositions
- Customer Relationships
- Customer Segments
- Key Resources
- Channels
- Cost Structures
- Revenue Streams

No environmental impact model
No value chain / supply impacts
No societal impacts, No triple-bottom line option

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Upward’s research led to ...

1. Understand the Natural and Social Science of Sustainability

   Defined the gaps in Osterwalder’s Ontology of profit-first businesses, based on the science

2. Designed an Ontology of Strongly Sustainable Business Models

3. Co-designed Strongly Sustainable Business Model Canvas, a visual design tool, structured by the Ontology, and tested:
   1. Against standards of sustainable business
   2. Formally with 7 experts and 2 case study companies
   3. Informally with dozens of others:
      Business people, professors, students
Revising Definitions...

*Necessary, but not sufficient*

“A Business Model describes the rationale of how an organization creates, delivers and captures value [in monetary terms]”

**Value** = the perception by an actor of a need being met; measured in aesthetic, psychological, physiological, utilitarian and / or monetary terms.

*Value is created* when needs are met via satisfiers that align with the recipient’s world-view, and destroyed when they don’t

A Business Model = the logic for an organization’s existence:

- Who it does it for, to and with
- What it does now and the future
- How, where and with what does it do it
- How it defines and measures its success

A description of how an organization defines and achieves success over time.
A *Shared Value* Business Model using Osterwalder

**Partners**
- Create community level partnerships
- Partner with small clinics & service providers

**Activities**
- Design Integrated Practice Units
- Dedicate IT to integrated services that meet patient needs
- Health outcomes that matter to patients

**Value Proposition**
- Establish long-term patient relationships
- Meet patients in more locations, online, etc.
- Care delivery across clinics & centres

**Channels**
- Treat patients by bundled care issues

**Customer Segments**
- Care delivery across clinics & centres

**Costs**
- Design new cost models based on bundled / integrated care

**Revenues**
- Incentivized reimbursement models
- Expand specialized services across geographies

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Business Model as Formative Context

- BM explicitly represents value system & mental model
- New BM design offers scope for reclaiming values
- As anticipatory system, feed-forward loop

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Business Model Designs the Enterprise

- Novel models are not *simulatable*
- Causal entailments (rel to environment) too complex
- Anticipated outcomes guided by updating model with feedback information (encoding)
- & updating new decisions with updated decoding.

- New view of a flourishing “enterprise”
  Living system model of firm & entire value network in bio-socio-eco-cultural contexts, within planetary limits
Dare to Flourish: A Practical Guide for You & Your Organization

John Ehrenfeld
Executive Director of the International Society for Industrial Ecology

B Corporations: Using business as a force for good

Bart Houlihan
Co-Founder, B Corporation

The Design of Flourishing Enterprises: A Visual Studio Approach

Stephen Davies
Managing Director, Transformation by Design Business Consultants Inc.

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