Faculty of Design

2014

Caring for the future: The systemic design of flourishing enterprises

Jones, Peter and Upward, Antony
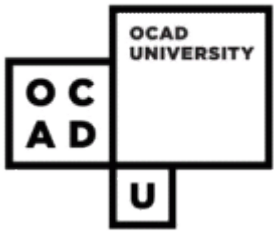
Caring for the Future:
The Systemic Design of Flourishing Enterprises

Peter Jones, PhD

OCAD University, Toronto
Redesign Network

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reDESIGN

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) & a*nchor in bio-physical sciences**
- **Living systems theories of (Allen et al) *supply-side***
- **Socio-ecological systems & ecological macroeconomics**

"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	
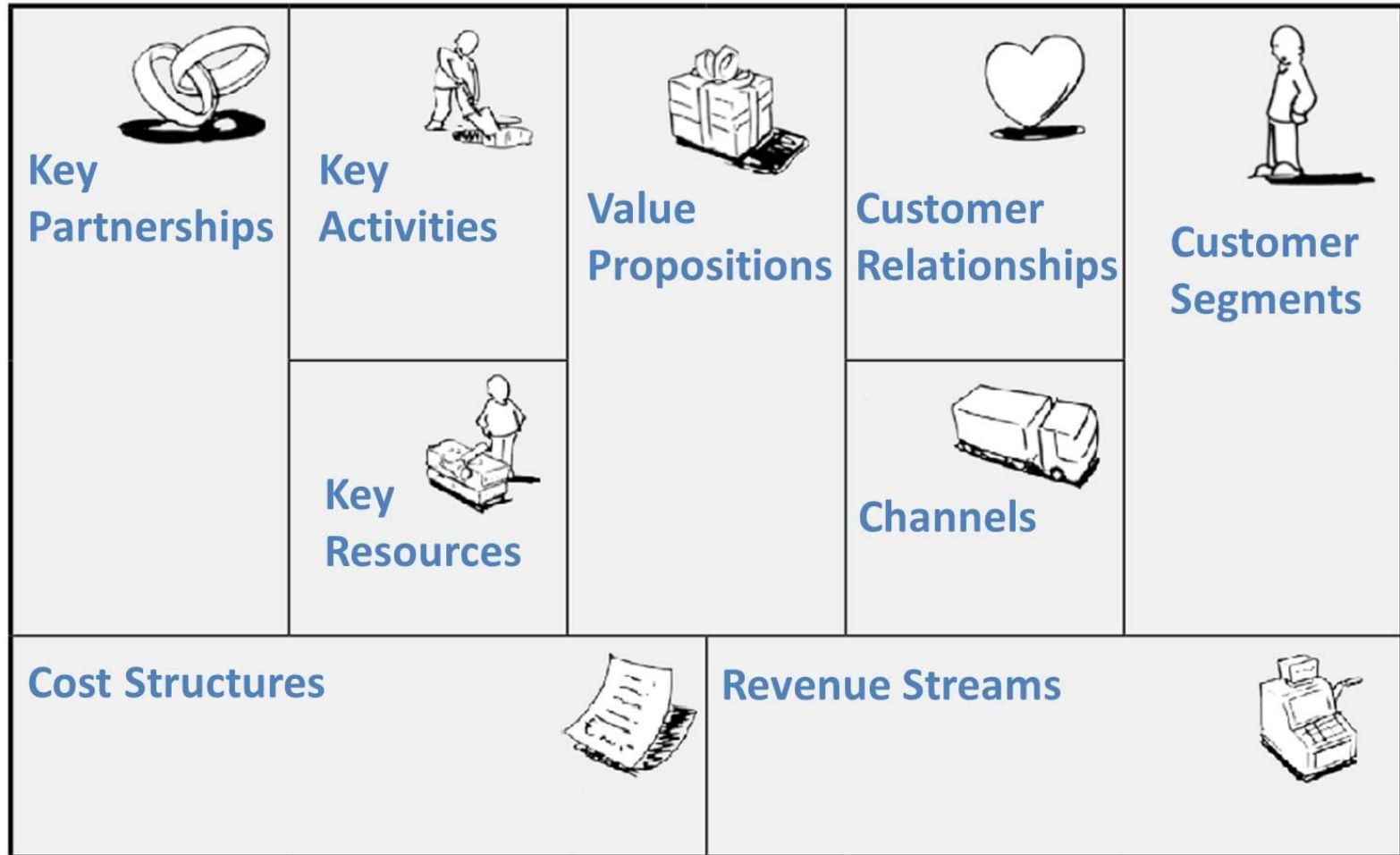
Osterwalder & Pigneur. (2009). *Business model generation.*

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

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

Article in review: Upward & Jones, *Business Model Frameworks for Strongly Sustainable Outcomes*

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.

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**
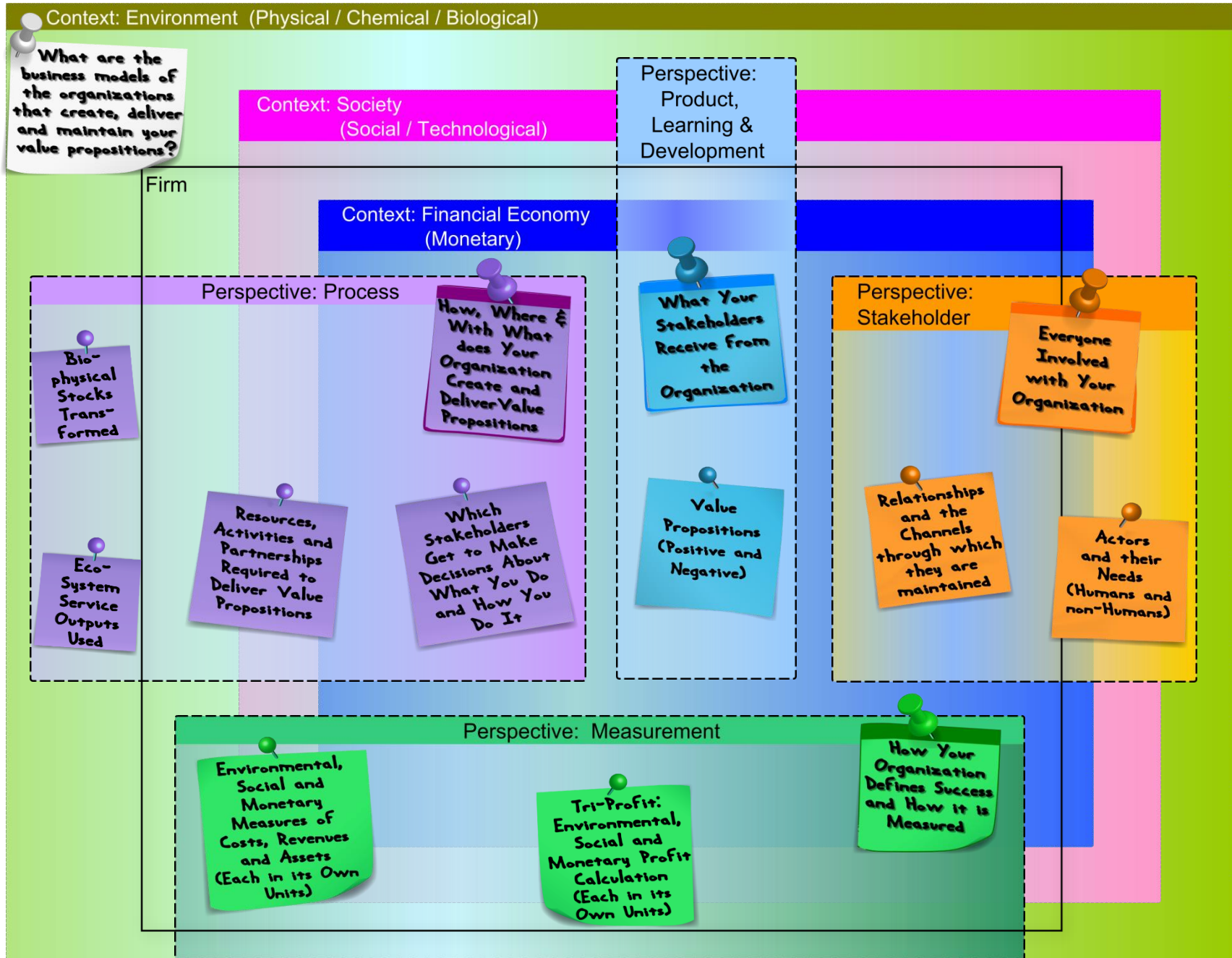- **How, where and with what does it do it**
- **How it defines and measures its success**

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

A description of how an organization defines and achieves success over time.

Strongly Sustainable Business Model Canvas – 14 Questions

Context: Environment (Physical / Chemical / Biological)

What are the business models of the organizations that create, deliver and maintain your value propositions?

Context: Society (Social / Technological)

Perspective: Product, Learning & Development

Firm

Context: Financial Economy (Monetary)

Perspective: Process

Bio-physical Stocks Transformed

Eco-System Service Outputs Used

How, Where & With What does Your Organization Create and Deliver Value Propositions

Resources, Activities and Partnerships Required to Deliver Value Propositions

Which Stakeholders Get to Make Decisions About What You Do and How You Do It

What Your Stakeholders Receive from the Organization

Value Propositions (Positive and Negative)

Perspective: Stakeholder

Everyone Involved with Your Organization

Relationships and the Channels through which they are maintained

Actors and their Needs (Humans and non-Humans)

Perspective: Measurement

Environmental, Social and Monetary Measures of Costs, Revenues and Assets (Each in its Own Units)

Tri-Profit: Environmental, Social and Monetary Profit Calculation (Each in its Own Units)

How Your Organization Defines Success and How it is Measured

Environment

Society

Economy

		PROCESS	**VALUE**	**PEOPLE**		ECOSYSTEM ACTORS

BIOPHYSICAL STOCKS

ECOSYSTEM ACTORS

RESOURCES

PARTNERSHIPS

VALUE CO-CREATIONS

RELATIONSHIPS

STAKEHOLDERS

ECOSYSTEM SERVICES

ACTIVITIES

GOVERNANCE

VALUE CO-DESTRUCTIONS

CHANNELS

NEEDS

COSTS

GOALS

BENEFITS

OUTCOMES

A *Shared Value* Business Model using Osterwalder

Partners

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

Activities

- Design Integrated Practice Units

Resources

- Dedicate IT to integrated services that meet patient needs

Value Proposition

- Health outcomes that matter to patients

Customer Relationship

- Establish long-term patient relationships

Channels

- Meet patients in more locations, online, etc.
- Care delivery across clinics & centres

Customer Segments

- Treat patients by bundled care issues

Costs

- Design new cost models based on bundled / integrated care
- Measure outcomes & costs per patient

Revenues

- Incentivized reimbursement models
- Expand specialized services across geographies

Environment

Society

Economy

BIOPHYSICAL STOCKS

- Bio-stocks used directly
- Waste products

ECOSYSTEM SERVICES

- Support services – water, cooling, air refresh
- Cultural service, Natural settings
- Regulatory services: air, waste, water
- Real resource costing

PROCESS

RESOURCES

- Patient-Centred ITC

PARTNERSHIPS

- Community care partners
- Partner w/ small clinics

ACTIVITIES

- Integrated Practice Units

GOVERNANCE

- Collab Inter-professional Decisions
- Patient-centred business strategy

VALUE

VALUE CO-CREATION

- Treat pts by bundling care across journey
- Health outcomes that matter to Patients / family
- Patient-led care circles
- Active care continuity

VALUE CO-DEST

- Volunteers for non-critical needs
- Decentralize hospital into special units

PEOPLE

RELATIONSHIPS

- Long-term patient relationships

CHANNELS

- Meet pts in more locations, online, community
- Delivery across clinics & centres
- Expand service across geographies

STAKEHOLDERS

- Patient-relevant agencies
- Gov agencies
- Local Communities
- Faith & social communities

ECOSYSTEM ACTORS

- Local ecologies, watersheds

NEEDS

- Social health determinants
- Housing Food supply ...

OUTCOMES

GOALS

- New cost models based on bundled / integrated care
- Costing across patient lifecycle
- Measure outcomes & costs / patient
- Community health outcomes
- Increased Dr & Patient preference
- Incentivized reimbursement models
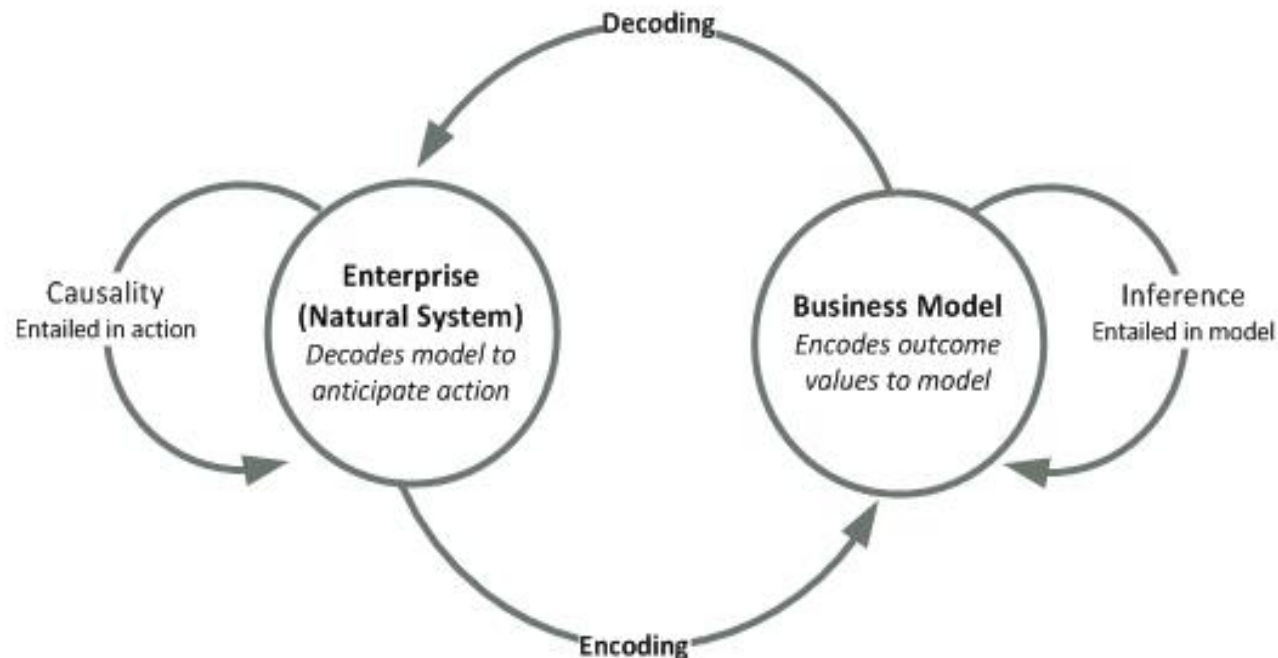- Shared asset across regions
- Return on Social capital

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**

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
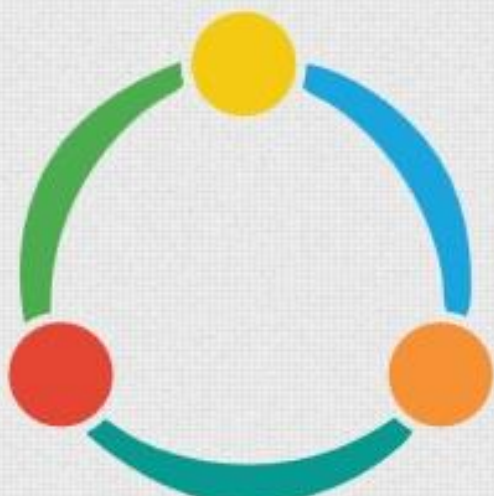
FLOURISH &PROSPER

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 fo

Bart Houlahan
Co-Founder, B Corporation

The Design of Flourishing Enterprises: A Visual Studio Approach

Stephen Davies   @XformByDesign   /   Bio
Managing Director, Transformation by Design
Business Consultants Inc.

Antony Upward   @aupward   /   Bio
Sustainability Business Architect and Principal,
Edward James Consulting Ltd.

Takk. Questions & Discussion?
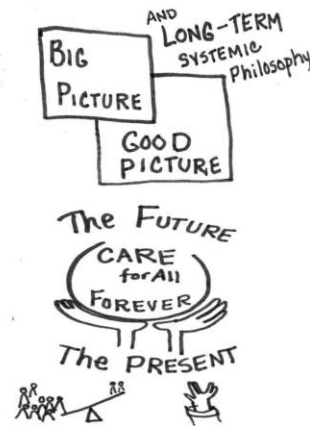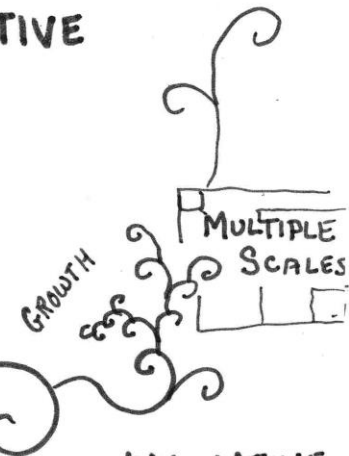
Peter Jones, Ph.D.

pjones@ocadu.ca
designdialogues.com
designforcare.com
@redesign