



How to design a SUSTAINABLE BUSINESS MODEL

A step-by-step guide

Jargon buster

Term	Definition
Aim ('goal' vs. 'objective')	An aim is a general statement that gives direction and identifies an intention to act. A goal is a high-level, often non-measurable statement concerning a broad measure of achievement. An objective is a more precise statement about what is to be achieved in concrete terms. 'You aim to accomplish a goal in order to achieve your objective'. So, you might aim to lose weight before your holidays with the goal of fitting into your summer clothes and your objective is to lose 10 kilogrammes in total.
Attitude	A competency consists of knowledge, skills and attitude elements. Attitude refers to an individual's evaluation of something or someone, and their reaction towards it, as expressed in their behaviour, emotions and/or thoughts. So, attitude describes an individual's motivational mindset and determines how the individual addresses problems and/or projects.
Backcasting	Backcasting is a way of planning towards a desirable future scenario. It is an approach performed to reach that desired future and is frequently used in planning scenarios where the future is particularly difficult to 'forecast'. Whereas forecasting starts by trying to predict the unknown future from known trends to date, backcasting establishes a strong vision of the desired future (unknown) and defines stepping stones and pathways towards that future. Backcasting recognises the current reality but is not restricted by it. The more uncertain the anticipated future, the more useful is backcasting from a desired vision. In practice, the method starts with defining that scenario (vision) and then works backwards by defining milestones and developing strategies to reach them and thus connect the specified scenario to the present.
Benefit	An advantage or gain. A benefit normally comes from the feature, so a benefit from the waterproof fabric in your coat is that you stay dry when out in the rain.
Biophysical Stocks	Every bit of stuff on the planet! They include all raw materials, all partly or finished goods, all 'waste', all animals (including humans), all plants. Biophysical stocks can neither be created nor destroyed, only moved or transformed by an organisation's activities: physically, chemically, biologically (as per laws of conservation of matter). They are finite, unevenly distributed (by biome*) and shared with all life.
Business model	There are many definitions. This is a useful one for the purposes of this glossary: A business model is a description of how an enterprise defines and achieves success over time. It includes the story and the numbers. (Upward, A., & Jones, P. H. (2016)



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Business modelling	The process of co-creating a description of the current or future design of an enterprise.
Business Model canvas tool	A canvas is a visual design tool that can include a variety of core components which make up varying elements of an enterprise.
Business model innovation	Simply defined, innovation can mean a 'new idea or method', but in the context of business models it can also be the design and application of better solutions that come out of market needs. Follow a novel business design process to create a novel result - a business model design that increases the value generated (financial and/or non-financial), and/or reduces risk for reduction in financial profit.
Co-creation	As a process, co-creation entails bringing people and enterprises together meaningfully (often including multiple sectors or perspectives) to engage in equality-driven, collaborative creation. Co-creation can also be a mindset in many contexts, such as in business modelling.
Collaboration	Collaboration refers to the act of (voluntarily) working together on a project and/or for achieving a common goal. Many transition projects can only be achieved through collaboration as the goals can be larger than the ability or scope of individual actors or stakeholders. Collaboration is a deep engagement process through which the main stakeholders understand and respect shared goals, consensus, and participative and distributed leadership practices.
Competence	Competence means the proven ability to use knowledge, skills and personal, social and/or methodological abilities in professional settings. The European Qualification framework refers to knowledge, skills, and attitudes (KSA).
Competency	A competency is a persistent pattern of behaviour resulting from a cluster of knowledge, skills and attitudes (abilities and motivation). So, the concept of competency adds on an intrinsic motivational factor to the concept of competence. In light of economic, social and environmental trade-off decisions, we deem this to be an essential element in the context of a transition towards a low-carbon society.
Complexity	When something is described as complex it is made up of many interconnected parts. Within systems thinking , complexity is a fundamental principle for understanding how systems function, with a focus on the interconnections and interrelationships rather than just the individual parts. Systems thinking allows us to map complexity so we can understand, manage and predict complex systems in meaningful ways. Complexity is often made up of repeated patterns which themselves may be quite simple but when combined lead to complexity – much like playing chess or the piano. The word complicated is similar to complex but implies that the fundamental patterns themselves are intricate, elaborate, and confusing.
Compromise	Compromise refers to the process of reaching agreement between parties with conflicting interests. The starting point is different from consensus , as there is conflict or defined disagreement before the discussions for a solution start. Compromise is based on all parties modifying their claims to reach an agreement or a solution. Work towards reaching a compromise can be quite formal and often involves a mediator in the negotiations.



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Consensus	Consensus can refer to both a majority of opinion and general agreement or harmony. The root of the word is consent, meaning ‘agreement of opinion’.
Coopetitors	All organisations that adopt a ‘scarcity mindset’ will consider other organisations as competitors. Plenty of NGOs consider other NGOs in their sectors as competitors for a limited number of grants/funders. In practice most enterprises co-operate with the people they compete with to varying degrees – hence coopetition is in practice quite common.
Cradle to cradle	Cradle to cradle manufacturing takes the whole lifecycle of an item into account, including sourcing and end-of-life disposal.
Customer journey	This is the experience customers will have interacting with your company and brand. It documents the full experience of being a customer.
Design (business)	As a business discipline, design refers to the process of envisaging an enterprise with the intention of improving human experience with respect to a specific situation.
Design (mindset group)	Flourishing entrepreneurs imagine and explore <i>improved futures</i> and sustainable innovation that they co-design with others. Four useful mindsets through the sustainable business modelling journey to support this are: <ul style="list-style-type: none"> • Listening and empathy • Creativity • Reflection • Iterative learning by doing.
Ecosystem	An ecosystem is a community of living organisms in conjunction with the non-living components of their environment, interacting as a system.
Ecosystem Services	Processes powered by the sun that use biophysical stocks to create flows of benefits humans need: for example, clean water, fresh air, vibrant soil, plant and animal growth.
Ecosystem actors	Ecosystem actors are all the humans and non-humans who exist outside of your enterprise: Humans are any individual or grouping of people, market segments, community, or any type of organisation (not-for-profit, for commercial, public) or government. Non-humans are anything that comprises all ‘other’ entities of importance (plants, animals, but also landscapes, /places, plants, animals, or non-human ‘systems’). As we cannot necessarily engage directly with non-humans, an organisation or group of people must ‘represent’ them before when they become an ecosystem actor stakeholder of to your enterprise (for example, WWF for wildlife, a local community committee for fresh water sources). Ecosystem actors exist in the world whether your enterprise does or not. When we create a new enterprise, we are doing so in response to meeting an ecosystem actor’s need. An ecosystem actor either chooses (voluntarily) to become a stakeholder and play a role within your enterprise or becomes one based on the impacts/outputs your enterprise generates.
Emergence	Emergence is a complex process in a system . It leads to the phenomenon that larger elements arise through interactions among smaller or simpler elements of that system. These larger entities exhibit characteristics that smaller or simpler entities do not. Social systems are usually sufficiently complex to produce emergent processes.



Term	Definition
Environment(al)	Environment regularly refers to nature, plant and animal life as used in environmental science and ecology. But it can also stand for the total of surroundings of individuals or groups including symbolic, social and artificial components. You may refer to the ecological , social or the technological environment. A clear definition is needed if you are not (or not only) referring to the ecological environment. The use of the adjective environmental generally stands for the ecological environment, such as in terms like ‘environmental movement’ or ‘environmental politics’.
Environmental stewardship	Environmental stewardship is a practice of dealing with the environment and natural resources under the premise of active and conscious responsibility – the steward takes responsibility willingly, proactively and in a target-oriented way. The aim and result of such stewardship are conservation of natural environmental resources and sustainable practices. In that sense, anybody can be an environmental steward by being aware and knowledgeable of the world around them and acting accordingly by making sure they do as much as possible to make a positive impact in the environment.
Feature	A feature is an actual physical property or function of the product. For example, a feature of a coat may be the waterproof material it is made from.
Flourishing Leadership (mindsets group)	Flourishing entrepreneurs are conscious leaders and make decisions and operate from a place of reflection, collaboration, authenticity and awareness. Four useful mindsets through the sustainable business modelling journey to do this are: <ul style="list-style-type: none"> • Wholehearted • Stewardship • Humble learner • Convenor (co-creation).
Impact	Meaningful change above and beyond direct output and outcome, lasting improvement that will affect society and the environment positively.
Governance	Definition to follow
Inhibiting Satisfiers	Definition to follow
Interdependency	Interdependency refers to a mutual dependency between actors, projects, organisations and so on. Often two or more of these are legally independent, though they may depend on one another in many different ways. For example, a business may rely on a supplier for raw material and the supplier may be dependent on the business as a major customer. It is the key constituent to a system.
Interdisciplinary	Interdisciplinary approaches involve two or more disciplines and try to combine respective methodologies and practical habits. Originally, this referred to academic disciplines but has more recently expanded into a wider context and is used to describe the combination of different approaches (for instance, technology and language) to develop and implement a new approach.
Intrapreneurship	Intrapreneurship is the act of behaving like an entrepreneur while working within a large organisation. Intrapreneurship is known as the practice of a corporate management style that integrates risk-taking and innovation



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	approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship .
Knowledge	A competency consists of knowledge, skills and attitude elements. Knowledge means the outcome of the assimilation of information through learning. Knowledge is the body of facts, principles, theories, practices and methods that is related to a field of work or study. Knowledge can be theoretical and/or practical.
Mindset	Your mindset is the unique way you experience and interpret the world based on your values of what is good, right and proper. It affects what and how you think, what you feel and what you then choose to do in the world, how you act. It can also be described as: ‘mental attitude or inclination’ and ‘habits of mind formed by previous experience’.
MVP (Minimum Viable Product)	A product or service that has just enough features to test with early customers and provide feedback for future developments.
Multidisciplinary	Multidisciplinary approaches involve a combination of different disciplines similar to interdisciplinary approaches. In multidisciplinary settings, however, each discipline works with its own methodologies and practical habits. The results are combined at a later stage. This is different to interdisciplinary approaches as there is no effort to develop a new approach using the combined competencies.
NGO (Non-Governmental Organisation)	A non-profit organisation that operates independently of any government.
Organisational learning	Organisational learning is the process of creating, retaining and transferring knowledge within an organisation. Such an organisation improves over time as it gains experience. From this experience, the organisation can create knowledge again and foster changes in behaviour.
Paradigm (shift)	A paradigm is a model or pattern of thinking and assumptions held by a group. It strongly influences how joint efforts are approached. Often a paradigm is not clearly stated and in fact there can be quite different levels and types of understanding between individuals within a group. This can lead to confusion. A paradigm shift describes a collective change in how a group perceives and thinks about a certain issue and/or the world as a whole.
Pseudo satisfiers	Definition to follow
Resources (tangible/intangible)	Definition to follow
Resilience	The capacity of a system to deal with and/or recover quickly from difficulties, setbacks, damages and/or toughness of any kind.
Risk	Risk is the likelihood that a project will fail to meet its objective, with a risk being the action, event or component that contributes to a project’s failure.
Risk management	Risk management is the identification, evaluation and prioritisation of those risks and then implementing actions to mitigate risks where appropriate.
Scarcity mindset	The notion of scarcity is rooted in economics as the study of how we use our limited resources (time, money, and more) to meet human needs. It leads to a general feeling we normally ‘have too little’ and resulting attitudes and



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	behaviours. Game theory and zero-sum games are conceptual manifestations of that mindset, and they shape much of today’s socio-economic large-scale policies as well as day-to-day behaviour. Although on the positive side, scarcity efficiently prioritises our choices, it nevertheless orients the mind automatically and powerfully toward unfulfilled needs. Alternatives to that are more flourishing mindsets like interconnectedness and co-creation.
Scenario (development)	A scenario is a future situation. When communicating about long-term projects, it is often necessary to create one or several scenario(s) that engage(s) stakeholders, very often including ‘worst-case’ and ‘best-case’ scenarios (also see backcasting and visioning) and several ones in between these extremes. Scenario development needs to be realistically grounded and consider current trends. It is not a way of predicting the future; instead it is a planning technique for envisioning it and for preparing for it by identifying the ways in which the future might develop and what the parameters are that will most likely influence and shape this development.
Sense-making	Sense-making means explaining or describing, and usually refers to new narratives or stories. Many of us carry within us a mental model of how the world works and this can be a barrier to accepting radical change. Such models can be held at both an individual and a collective level. Sense-making refers to how we might re-imagine our models and thus re-tell our underlying narrative.
CSV (Shared Value, Creating Shared Value)	Based on the idea that the competitiveness (or success) of a company (or any other type of organisation) and the health of communities are mutually dependent, CSV is an approach of creating value for all involved simultaneously. It is also an approach where companies find business opportunities in social and/or environmental problems. As such, the approach claims to go beyond ‘traditional’ corporate social responsibility.
Skills	A competency consists of knowledge, skills and attitude elements. Skill means the ability to apply knowledge and use know-how to complete tasks and solve problems. Skills are described as cognitive (involving the use of logical, intuitive and creative thinking) or practical (involving manual dexterity and the use of methods, materials, tools and instruments).
Social capital	Social capital refers to the productive capacities of an individual’s or a group’s social relationships. In its simplest form, social capital can be understood as the gain a person can derive from being part of social networks. Social capital results from social interactions and transactions marked by reciprocity, trust and co-operation . It is an important ingredient to the success of sort of social endeavour, and the more (quantitatively) and the more diverse (qualitatively) the people involved, the more essential the development and use of social capital becomes.
Sociotechnical (systems)	Society operates using different degrees of technology . The level of technology is one factor influencing interactions within society. The term sociotechnical system refers to the interplay between society and technology and how this manifests itself in practice.
Stakeholder(s)	Stakeholders are individuals and organisations with direct and indirect interest in a project, business or enterprise. For instance, in a business, stakeholders include shareholders and employees, but also customers,



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	<p>suppliers, creditors, local communities, government authorities, media representatives and/or environmental and consumer organisations.</p> <p>Many projects concerned with moving towards a low-carbon society have to and want to involve a wide number of stakeholders to reach shared goals and to do this through persuasion rather than legislation.</p>
Story of self	<p>A story of yourself that conveys who you are, your vision and what has motivated you to take action on a problem you have identified. The story demonstrates and encapsulates your vision and values in action.</p>
Strategy/strategic planning	<p>A strategy is a long-term, high-level plan for a project or organisation to achieve one or more goals under conditions of uncertainty. Strategic planning is the process of defining a strategy to reach defined goals and making or preparing decisions on allocating resources to reach these goals and thus implement the strategy.</p>
Stress test	<p>A stress test is a method of simulating a system’s probable reaction(s) to a certain type of stress. Although the word is in wide use in numerous areas, in social science and economics, such systems could be organisations, networks, industries, production systems, communities and so on. And the types of stress these systems could be exposed to may be economic downturn, liquidity shortages, social problems (strikes, political unrest and so on), but also stressful environmental and/or weather conditions (heat waves, storms or floods, for example). An example of a stress is to simulate how a state’s bank system may react to stress factors such as falling asset prices and/or decreasing investor confidence, to assess how much of such stress the bank system can take before it collapses.</p>
Synergistic satisfier	<p>Some value co-creations can satisfy one or more needs at the same time or over time. We speak of synergistic satisfiers when more than one needs are met.</p>
Sustainability	<p>We follow the commonly accepted Brundtland definition of sustainability: “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. (Report of the World Commission on Environment and Development: Our Common Future, p. 16</p>
Sustainable business model	<p>“[A] sustainable business model can be defined as a business model that creates, delivers, and captures value for all its stakeholders without depleting the natural, economic, and social capital it relies on.” (Breuer & Lüdeke-Freund 2014). As this definition is a bit over-restrictive, we would replace the term ‘without depleting’ with the term ‘with minimal depletion of the natural, economic and social capital it relies on’.</p>
SDGs (Sustainable Development Goals)	<p>The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations. The SDGs cover a broad range of social and economic development issues.</p>
System	<p>Systems are collections of elements (social, ecological, technological, political, legal and so on) characterised by interdependencies. Besides elements, systems usually feature different levels. The more elements and/or levels a system consists of, the more complex it becomes. Complex systems are additionally characterised by emergence.</p>



Term	Definition
Systematic	Systematic refers to a methodological approach to a task or solving a problem - for example by going through a predefined sequence of steps. Such an approach does not necessarily involve recognising a systems thinking (systemic) approach.
Systemic	Systemic refers to the system as a whole. It also means recognising the properties of a system such as complexity, specific boundary issues, and thresholds or tipping points in relation to failure. Taking a systemic approach means acting in a manner that recognises the characteristics of a given system. In common use, the terms systematic and systemic are often interchangeably, but the distinction is very important for this competency framework.
Systems thinking (definition)	Perceiving and dealing with the nature and behaviour of systems. “Systems thinking utilises habits, tools and concepts to develop an understanding of the interdependent structures of dynamic systems.” (Waters Foundation, 2016)
Systems thinking (mindsets group)	<p>Flourishing entrepreneurs consider the whole system that their enterprise is a part of. These insights pave the way for better models or new paradigms and help to avoid unintended (harmful) consequences of their enterprise.</p> <p>Four useful mindsets through the sustainable business modelling journey to support this are:</p> <ul style="list-style-type: none"> • Interconnected • Openness • Story-telling • Embracing emergence.
Transdisciplinary	Transdisciplinary approaches include both theory-based (scientific) and practice-based approaches. They attempt to bridge the worlds of academia and practice in order to provide science-based solutions for real-world problems.
Triple bottom line	An approach of accounting for three impacts a business (or any other organisational unit) usually generates, instead of just one: financial, social, and ecological impacts. The idea is to then convert social and environmental impacts into monetary units and add these to the financial impacts to create three financial profit-and-loss statements, with three financial ‘bottom lines’ - one each for social, environmental and economic.
Uncovery	Insights achieved by learning more deeply about something (vs. discovery = learning something new).
Values	Based on a person's principles, standards of behaviour and/or living, value refers to that person's judgement of what is important in life.
Value chain	A linear process, a chain leading roughly from supplier(s) to producer(s)/service provider(s) and then to the final customer(s).
Value creation	Application and use of biophysical stocks to bring materials or services into being that meet human or non-human needs.
Value co-creator/co-creation	Creation of value in both voluntary and non-voluntary and also both conscious and non-conscious interaction with stakeholders and other ecosystem actors.



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Value co-destruction	Reduction or destruction of value in both voluntary and non-voluntary and also both conscious and non-conscious interaction with stakeholders and other ecosystem actors. If this occurs non-voluntarily, it can be considered unintended consequences of interacting with the World.
Value proposition	A value proposition sets out the benefits that your customers can expect from you, whether you provide a product or service. It defines the way in which value is created and captured.
Visioning	Visioning is the communicative process of providing a long-term perspective and of helping to overcome taken-for-granted thought patterns and existing structures. It consists of developing and communicating a vision guided by selected principles (such as ethical values) and built on system analysis. Visioning is often a participatory group process and may be complemented by scenario development or other planning activities.
Violators	Definition to follow