

Startups, social awareness and the triple bottom line in the digital era

II online TCCP

Francesco Alleva

Istud Business School - ITALY

Ice-breaking

Introduce yourself

- ▶ Introduce briefly yourself, your background and your organization to the other trainees



Setting your expectations (Mentimeter)



Mentimeter

- ▶ What are your expectations respect to this TCCP?
- ▶ What are the training priorities you envisage respect to the topic “Startups, social awareness and the triple bottom line in the digital era”?
- ▶ Evaluate your level of knowledge respect to the selected topics (low/medium/high)

Training contents

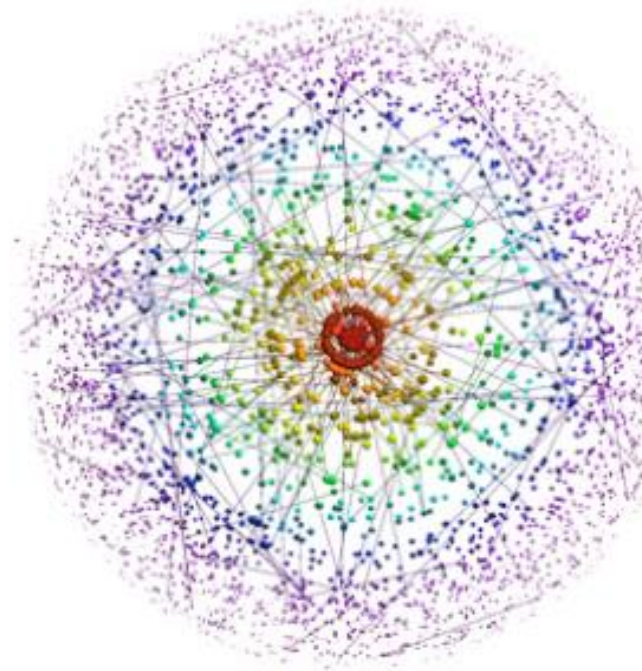
A few questions

- ▶ What does it mean to design a start up in an eco-friendly digital business model?
- ▶ Can the climate changes be recognized as an opportunity to re-design a distinctive value proposition?
- ▶ Can the environmental topics become the drivers of company vision and mission?



Key Challenges

- ▶ Value Creation Propositions of products/services:
 - ▶ Ever more in the market
 - ▶ More complex
 - ▶ Shorter and shorter life cycles
- ▶ New Markets
- ▶ New Channel Dynamics
- ▶ Industries cross-competition
- ▶ Excess of data and information
- ▶ Asymmetric Information
- ▶ Time acceleration
- ▶ Customer centricity
- ▶ New behavioural paradigmas in relation with eco-friendly and sustainable value proposition



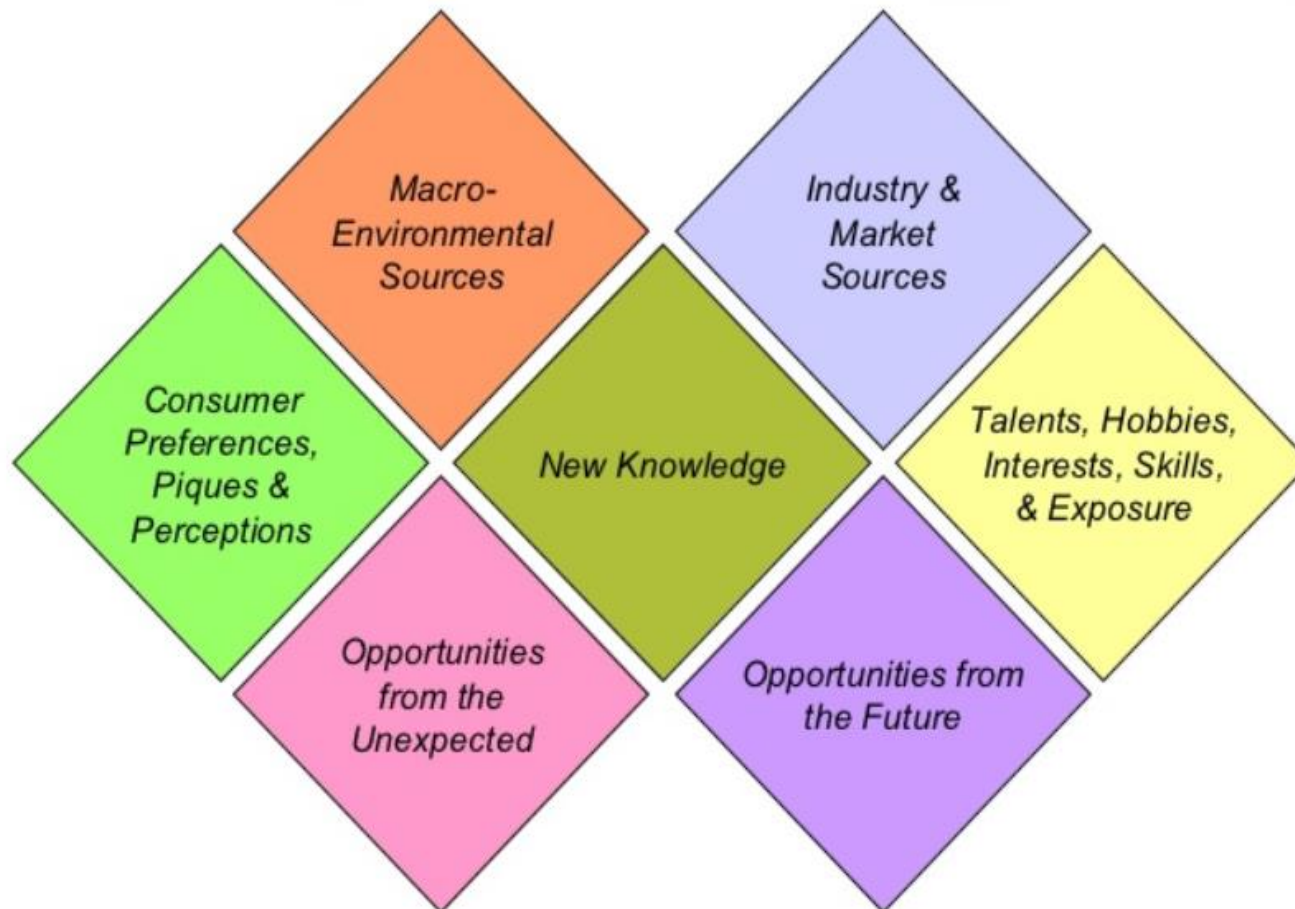
Opportunity Recognition

- ▶ When a new idea turns into a business opportunity?
 - ▶ Spotting and actualizing business ideas and opportunities
 - ▶ Identifying the way to start a new business / company up in the target country
 - ▶ Benchmarking the new idea with similar existing value proposition in the target market, for the same customer segments and needs
 - ▶ Collecting quantitative information about the targets.
 - ▶ Highlighting the points of distinctiveness
 - ▶ Designing added value for all the Stakeholders



Opportunity Recognition

The Sources where search and collect from, information and data about possible business opportunities.



Opportunity Recognition: exercise

The startupper's mindset always sees a white, physical virtual and temporal space when she/he observes the context.

Which would be the very likely more realistic vision - out of the following two - of a startupper, if he/she had observed the naked feet walking on the grass?

1st Vision: “The people in this area are pretty fine with not using shoes while walking. I do not recognize any opportunities to launch my new eco-comfortable shoes”

2nd Vision: “The people in this area will experiment the Great improvement with walking every where with my new eco-comfortable shoes at their feet. I do see very great opportunities to start production and distribution here.”

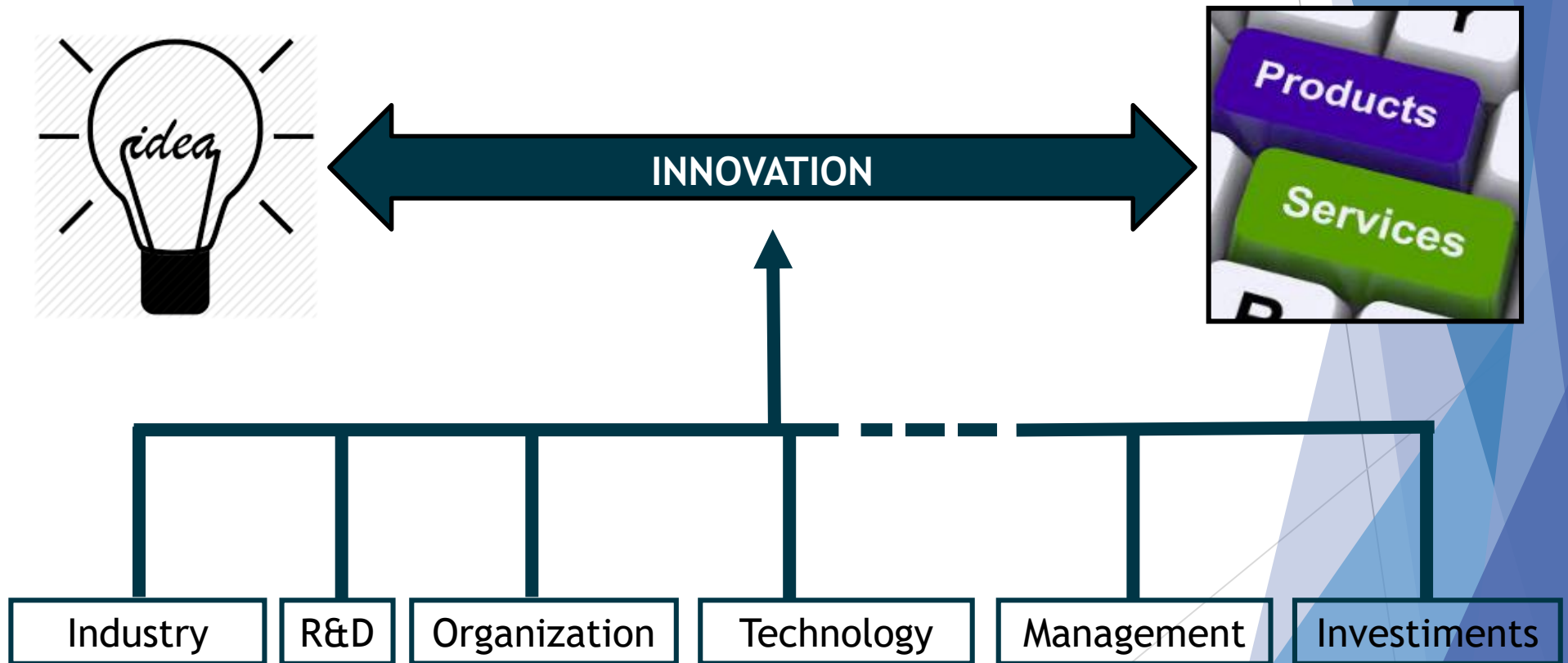


Opportunity Recognition: recco's

- Start with the CUSTOMER NEEDS
 - Be sure there would be a large number who share the same aspiration / frustration
 - The customer cannot be completely satisfied.
- There is no perfect product
- Today's winners can be tomorrow's losers

When does a start up fail?

1. New Idea is not an Innovation by itself



When does a start up fail?

2. The Name of the Game

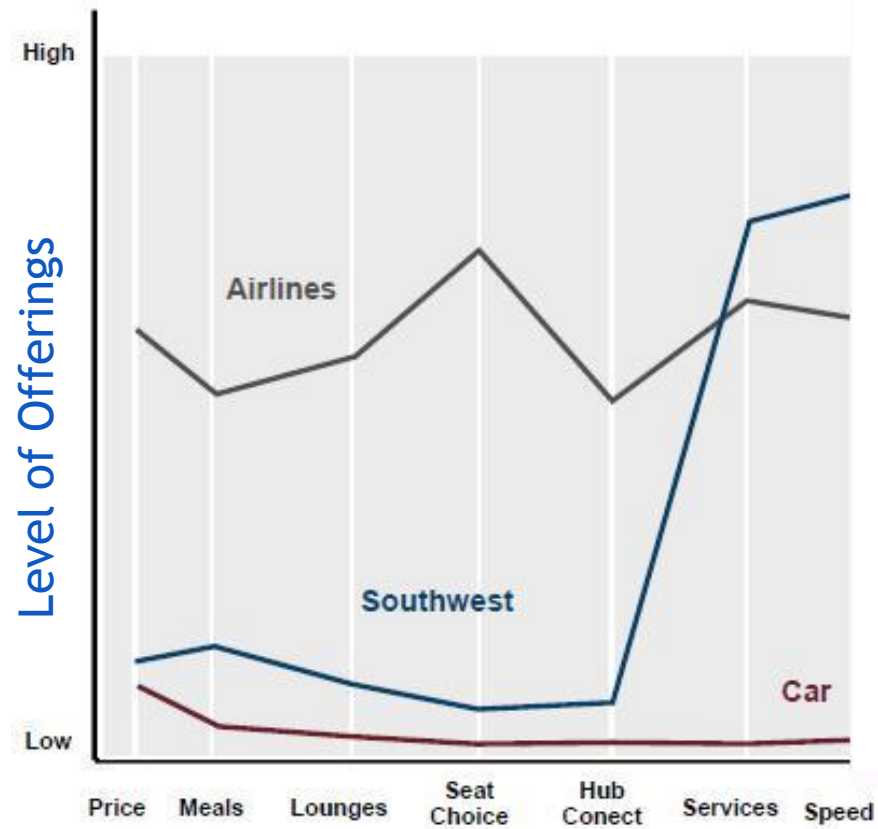
«A Startupper must know the Critical Success Factors (CSF) related to the competitive arena where his/her start up will play the match and how they need to be interpreted to ensure the success of it»

3. Be Distinctive

«The ability gained through attributes and resources to perform at a higher level than others in the same industry or market
(Christensen and Fahey 1984, Kay 1994)»

Distinctiveness (or Competitive Advantage) could be defined as made of one or more CSF where a Company is better than Competitors.

The Strategic Canvass



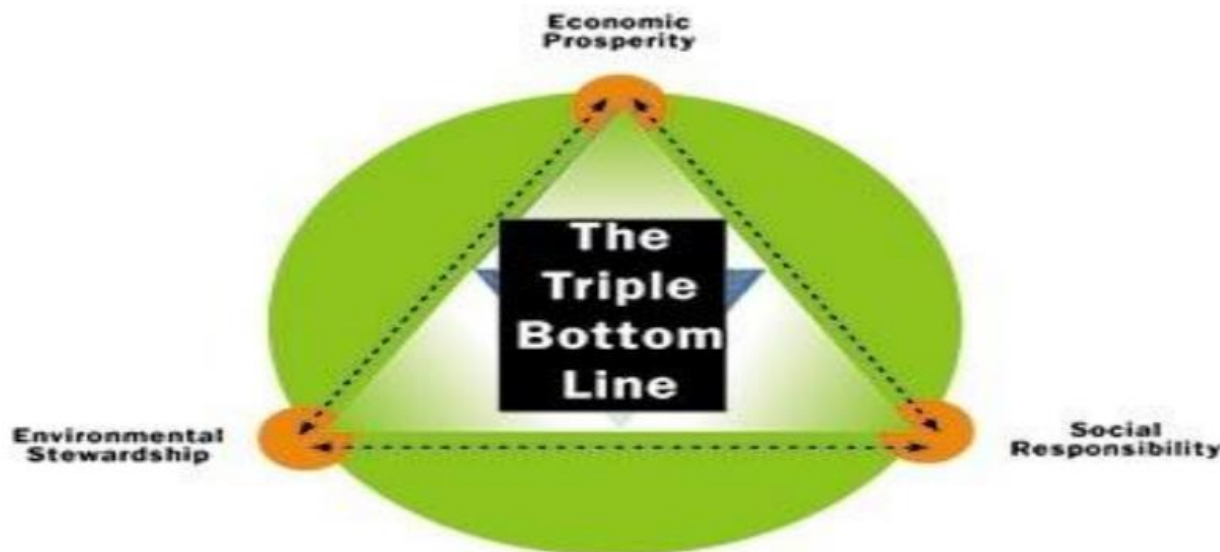
CSF

Questions?



What Is the Triple Bottom Line (TBL)?

- It is a framework that recommends companies to focus on social and environmental concerns just as they do on financial profits.
- It states there should be three bottom lines: **Profit, People, and the Planet** to gauge a corporation's level of commitment to Corporate Social Responsibility and its impact on the environment over time.
- In 1994, John Elkington – British Guru in Sustainability – coined the label “TBL” to measure performance in American Corporations. A Company should be managed to earn financial profits but to also improve both people’s and planet’s lives



Video: what is TBL?

- ▶ <https://sustain.wisconsin.edu/sustainability/triple-bottom-line/>



Understanding the TBL

A New Way to Read Full Cost of Doing Business

- ❑ The Company's goals to be advanced beyond financial profits to operate with sustainable business practices to include social and environmental issues.
- ❑ The TBL measures the financial, social and environmental performances of the Company over a period of time, as this is considered the full cost involved in doing business.

People + Planet = Social + Environmental Responsibility

Three bottom lines to be working simultaneously on:

1. **Profit:** the profit and loss (P&L) account
 2. **People:** to measure how socially responsible an organization operates
 3. **Planet:** to measure how environmentally responsible a firm is,
- in order to let TBL reporting becoming an important tool to support a firm's sustainability goals.

Challenges of Applying the TBL

- ❑ How to measure the social and environmental bottom lines, which are somewhat subjective?
- ❑ How a Company can switch gears between priorities so diverse, maximizing financial returns while also doing the greatest good for itself?
- ❑ Companies might struggle to balance deploying resources (ex.: money, hr, ...) to all three bottom lines without favoring one vs the others.
- ❑ How will digitalization impact the TBL strategy to pursuing inclusive growth - or growth for people, planet and profit - of the Companies?

Repercussions of Ignoring the TBL Framework

Three well-known cases, among others:

- ❑ the destruction of the rainforest,
- ❑ exploitation of labor,
- ❑ damage to the ozone layer.

Ever many more Consumers:

- ❑ want companies to be transparent about their practices and to considerate of all stakeholders
- ❑ are willing to pay more for products if it means that workers are paid a living wage, and the environment is being respected in the whole operations.

Pursuing the TBL is not just a nice-to-do, but it is mission critical as the big trends of sustainability and digitalization are modifying both the Customer and Stakeholder Journeys.

Key Takeaways

The TBL Theory:

- ❑ *aims to measure the financial, social, and environmental performance of a company over time and consists of three elements: profit, people and the planet.*
- ❑ *holds that if a firm looks at profits only, ignoring people and the planet, it lacks to make the connections to help people and the planet and doesn't collect the profits.*
- ❑ *states that financial profits do matter, but not at the expense of social and environmental concerns.*

Examples of Indicators for Profit line

The Financial Profit possible indicators:

- ▶ the gross profit from operation (GPO),
- ▶ the export propensity
- ▶ the import penetration

A Company performing 'above average' in triple bottom line accounting terms will have higher average GPO and export propensity and a lower than average import penetration.

Intensities could be referenced against one euro of Company turnover, such as example:

- ▶ the GPO is 'x%' per 1 €
- ▶ the export propensity is 'y%' per 1 €
- ▶ the import penetration is 'z%' per 1 €

Examples of Indicators for Pepole line

The People (Social) possible indicators:

- ▶ employment generation
- ▶ average income per person
- ▶ local revenue generated

A Company performing 'above average' in triple bottom line accounting terms will have higher employment generation, higher income and higher local revenue.

Intensities could be referenced against one euro of Company turnover, such as example:

- ▶ 'xx' minutes of employment generation
- ▶ 'yy' k€ of average income per person
- ▶ 'zz' € of local revenue generated per k€ turnover.

Examples of Indicators for the Planet line

The Planet (Environmental) possible indicators:

- ▶ greenhouse gas emissions
- ▶ primary energy use
- ▶ managed water use
- ▶ land disturbance.

A Company performing ‘above average’ in triple bottom line accounting terms will have lower than average intensity values for each of the above indicators.

Intensities could be referenced against one euro of turnover, such as example:

- ▶ ‘x’ kg of CO₂ greenhouse gas emissions per 1 €
- ▶ ‘y’ Megajoules of primary energy use per 1 €
- ▶ ‘z’ litres of managed water use per 1 €
- ▶ ‘k’ square metres of land disturbance per 1€.

Ex of Co. subscribed the TBL Framework

The corporate world is more conscious than ever of its social and environmental responsibility. The number of firms—of all types and sizes—that subscribe to the TBL concept is staggering. We cite few of these companies:

- ▶ **The LEGO Group** has formed partnerships World Wildlife Fund and has made a commitment to reduce its carbon footprint and it is working towards 100% renewable energy capacity by 2030.
- ▶ **Mars.** Its *Cocoa for Generations* is a sustainable initiative that requires its cocoa farmers follow a code of fair treatment to those providing labor. In exchange for certification, Mars provides productivity technology and buys cocoa at premium prices.
- ▶ **Fratelli Carli**, Italian leader in olive oil production for Mediterranean food diet. It has been founded at the beginning of the last century and it became the first Italian production company to follow the TBL framework in the 90's. Its production process is powered by renewable energy only and its waste generated and the whole product are both 100% recyclable.

Group work on e-bikes BM

BM Canvass: exercise

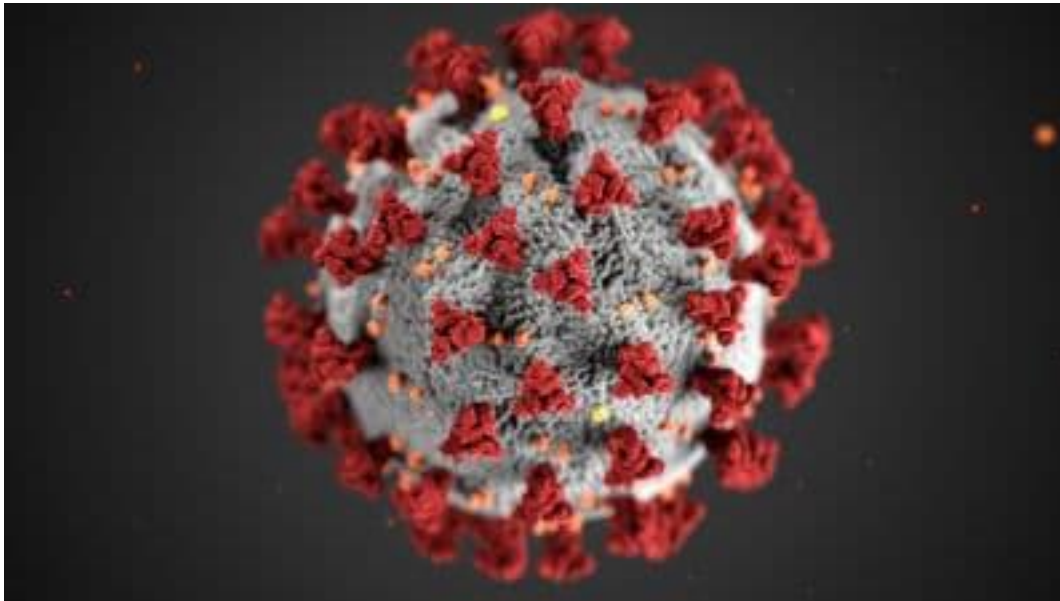
Defining possible People and Planet implications for the BM here aside. Build at least the skeleton of the relevant TBL indicators and the metrics

Problem During an e-bike ride, the battery either drains or has a problem	Key metrics -Number of new users and log ins in the app -Number of bikes treated per station -The number of municipalities which adhere to the project.	Unique value prop. -A quick fixing and recharging service, spreaded throughout the land so to be closer to the user compared to a traditional bikeshop. -A fast fixing process guarantees to the tourist to be able to continue his tour whatever it happens to his bike. Having some spare bikes permits to furnish a courtesy bike to the client. -Anyone can rent an e-bike from any station to enjoy a different and sustainable way to visit a natural site.	Channels -Advertisement of the app and of the E-Stations on social media, bike shops and tourists offices. -Partnership with brands which are into bikes and sustainable markets -Via the app you can directly get in touch with an E-Station	Customer segments -E-bike owners. -Elderly people who can't reach a certain site anymore with a traditional bike. -Families who want to go for a trip without worrying about training. -Bike shops -Municipalities
Cost structure FIXED COSTS -Real estate -Photovoltaic panel -E-Bike -Warehouse -App VARIABLE COSTS -Merchandising -Marketing -employees		Revenue streams -Battery charge -E-bike rent -Assistance -Merchandising		

Hints/suggestions for the group work on BM

Impact of Covid 19 emergency?

Reflect upon the predictable impacts of Covid 19 pandemic on the identified business idea/BM. Remember to take into account the TBL principles as well as the constraints which could stem from the social distancing policies.



Into small groups...

- ▶ Define CSF of the relevant market
- ▶ Define the possible triple bottom lines (at least two per line) and relevant indicators
- ▶ Define metrics per each indicator
- ▶ Define the possible impact of Covid 19 on the implemented BM

Group work restitution