

Business Model Innovation for Impact: A methodology

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While there has been a growing awareness among businesses of the critical importance of business model innovation (alongside other more traditional forms of innovation), the critical challenges currently facing humanity (e.g. climate change, pandemics) and the strong desire for change among the younger generations (e.g. 'Un manifeste pour un réveil écologique') have led an increasing number of businesses to consider the question of their global impact and search for manners to reconcile economic performance and environmental (Carvalho et al., 2014; León et al., 2019) and social (Acosta et al., 2014; Carvalho et al., 2014) impact through business model innovation (Rangan et al., 2012).
While the issue of business model innovation is very popular in the academic literature, so far few of these works have addressed the question of the relationship between business model innovation and socio-environmental impact. A further issue is that, while the literature provides numerous frameworks for business model innovation (e.g. Joyce & Paquin, 2016; Nosratabadi et al., 2019), the issue of impact has generally been addressed in a very partial and ad hoc manner (Goni et al., 2020). As a result, a comprehensive framework that encompasses all the dimensions of impact is lacking. In this research, we asked the following question: How can business model innovation combine economic performance and socio-environmental impact?

To answer this question, we conducted a research-action study (David et al., 2012), which followed three phases: (1) **an exploration phase** (Dumez, 2016), which explored the problems, (2) **an experimentation phase**, which proposed tools and a method to innovate the business model and take impact into account– and (3) **an assessment phase** to understand the implications for companies that use this methodology. To clarify the presentation of results, we propose to describe the different phases and methods in this order.
The first 'exploration' phase is based on 24 semi-structured interviews (Gavard-Perret et al., 2012) of large companies, start-ups, and investment funds – all positioned as having 'impact' as a core objective – and aims to investigate the relationship between business model innovation and the different forms of impact.
The first key finding is that while, in a comprehensive manner and as highlighted in the literature, impact has many different dimensions (i.e. economic, environmental, social and societal),

impact-driven companies and funders tend to have a partial view of impact and to be partial to some specific dimensions (e.g. companies targeting environmental impact tend to neglect the social impact of their decisions). Furthermore, even for such enlightened companies, their view of impact appears to The first key finding is that while, in a comprehensive manner and as highlighted in the literature, impact has many different dimensions (i.e. economic, environmental, social and societal), impact-driven companies and funders tend to have a partial view of impact and to be partial to some specific dimensions (e.g. companies targeting environmental impact tend to neglect the social impact of their decisions). Furthermore, even for such enlightened companies, their view of impact appears to be heavily influenced by a) regulations and policies and b) measurable impacts (e.g. tons of carbon, number of jobs created).

The second finding of this exploratory research is that an extensive change in business model is required to 'deliver impact'. Indeed, product/service innovation and market segmentation do not appear to do the trick. Instead, a business model innovation that includes impact management appears to mainly depend on the value creation and value capture components of the business model. Delivering impact is not so much about doing something different, but instead doing something very similar, but in a quite different manner, short of which even impact-driven companies may be accused of impact washing.

The third finding relates to the role of ecosystems. This research highlights that both internal and external stakeholders play a critical role in enabling companies to deliver impact. In this respect, ecosystem governance may well be the missing link between business model innovation and impact.

The last finding is related to the previous one, and it is the importance of governance bodies. They could have different names: 'stakeholders committee', 'impact committee', but they have the same goal: to initiate, develop, control and follow the integration of impact at the heart of the business model.

Results of phase 1 – Exploration

Result #1 - Partial and limited vision of the impact and business model.

Result #2 - Need to align business value model with impact by "unpacking" the different dimensions that make up the business model, but also by focusing on the way things are done rather than on proposing new impactful offerings.

Result #3 - Need to adopt an ecosystem approach to impact - mapping all the actors that gravitate around the business model and the company to understand how the business model can integrate and impact them.

Result #4 - Importance of internal and external governance in the integration of the notion of impact within the business model.

Figure 1

Following these different observations, we have proposed a methodology based on three tools to innovate the business model in order to deliver impact. This is the second 'experimentation' phase.

To innovate the business model to include impact, companies must adopt a comprehensive

Figure 1. The results of phase 1: Exploration.

definition and assessment of the concepts of impact, business model and ecosystem (see results of first phase). That is why we designed a methodology which allows an exhaustive approach of each concept and, at the same time, combines them. This method is based on three tools: a 360° Innovation Business Model (Rayna & Striukova, 2014b, 2014a, 2016) which is a pre-existing tool, an Impact Map and an Ecosystem Map.

This method has been tested as a managerial tool with three focus groups from three large companies (pharmaceutical, press and media, and energy provider).

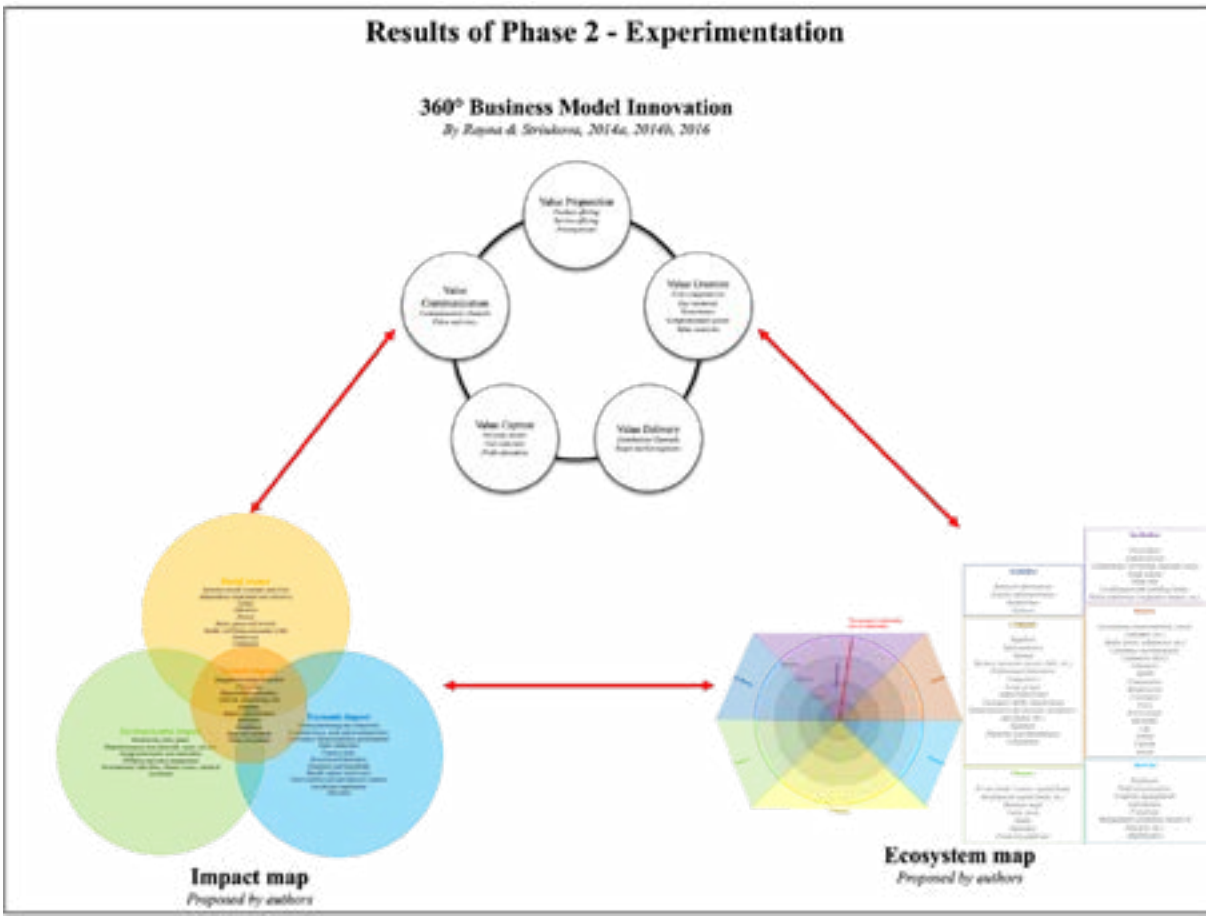


Figure 2

After testing the method with the focus groups, we interviewed different individuals to understand the implications for them and more broadly for companies of using this method; this is the **third 'assessment' phase.**

First, this method allowed the participants to broaden their perspective by taking into account other impacts. Generally, participants focused on one aspect - either environmental or social - of the impact. The use of this methodology allowed them to integrate new dimensions of impact into their thinking.

The second implication was to go beyond the proposal of a new offer. The 360° vision of the business model allowed them to question more strategic and internal dimensions of organisation. Furthermore, the question of the governance of these impacts emerged as an important issue for the participants.

Third, the method served to identify new stakeholders. Mapping of the ecosystem enabled the identification of new stakeholders who were initially excluded.

Finally, the concomitant use of the different tools served several purposes: diagnosis, ideation

Figure 2. The results of phase 2: Experimentation. Innovation Business Model for Impact Method.

and formalisation. In all cases, the association of these different tools allowed us to create and define a method for integrating the notion of impact into the heart of the organisations' existing or non-existing business model.

Results of Phase 3 – Assessment

This method allowed us to:

Result #1 - Open up the reflection by taking into account all impacts.

Result #2 - Go beyond the proposal of a new offer.

Result #3 - Identify new stakeholders and involve stakeholders previously excluded.

Result #4 - Serve different purposes: diagnosis, ideation and formalization of innovation in business models for impact management.

Figure 3

This research examines how to innovate a business model to include impact. Through this research, we contribute to the theoretical literature on business model innovation for impact. Furthermore, this research offers several contributions for practitioners by proposing a concrete method.

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Figure 3. The results of Phase 3 : Assessment.

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