

NEW BUSINESS MODELS

M 1.4

Why we are here today / expectations

- Recognize the new business models ➡ a new vision
- To know their importance ➡ when and why used them
- Why new business models ➡ for new production realities
- To understand the relevance for female entrepreneurs ➡ the value
- To know the theory on rethinking in CE ➡ why it is so important
- Stakeholders analysis ➡ who is interested in new business models
- Legal implications ➡ each country has its barriers
- Practical examples of strategies to make the shift to CE ➡
“enlightened” companies

List of topics

(as in syllabus/ theoretical part)



- Theory on rethinking production and the fact that in CE you could start the process at any point of production.
- Stakeholders analysis
- Legal implications and barriers in each country
- Practical examples on how companies design commercial structures and strategy to make the shift to CE

Learning points

(as in syllabus/ theoretical part)

- ❖ Believe in your ability to influence the course of events, despite uncertainty, setbacks and temporary failures. Develop ideas and opportunities to create value, including better solutions to existing and new challenges.
- ❖ Be determined to turn ideas into action and satisfy your need to achieve.
- ❖ Reflect on your needs, aspirations and wants in the short, medium and long term.
- ❖ Identify and assess your individual and group strengths and weaknesses
- ❖ Reflect on how sustainable long-term social, cultural and economic goals are, and select a course of action.
- ❖ Be resilient under pressure, adversity and temporary failure.
- ❖ Analyse complex systems across different domains (society, environment, economy, etc.) and across different scales (local to global) wider than “holistic thinking”.
- ❖ Use circular business model mapping tool to visualize planning of the product life cycle and assess how the circular offering will change during each use cycle

Source Image: <https://dvkconsultants.ae/business-model-innovation-necessity/>



Learning points (as in syllabus/ theoretical part)

- Recognize new business models: what are they and why are they used?
- Examples of new business models
- Relevance for female entrepreneurs; the value of the women at work: why is it so important?
- Theory on rethinking in CE: from the linear to the circular economy
- Examples of CE
- Stakeholders analysis
- Legal implications and barriers in each country
- Practical examples of strategies to make the shift to CE



Main activities / structure of the session

(theoretical, practical,...)

- Presentation of the part (60 min)
- Brief discussion (20 min)
- Activity one (20 min) individual work
- Activity two (20 min) work in pairs
- Activity three (20 min) work in pairs
- Questions and wrap up session (50 min) team work
- Evaluation (30 min)

What are you expected to produce

(list of concrete outputs)

- NEW BUSINESS MODELS can be used as drivers for offering new opportunities and innovation while supporting women entrepreneurs in capturing new markets, enhancing organizational effectiveness while transforming organizational processes.
- Enhanced capacity to lead a business with confidence, determination, while managing stress and have healthy life balance.
- enhanced ability to set clear boundaries (and honouring them) between family and business, with a particular focus on work life balance on life balance and personal wellness.
- Identify and seize opportunities to create value by exploring the social, cultural and economic landscape
- Identify needs and challenges that need to be met
- Develop several ideas and opportunities to create value, including better solutions to existing and new challenges



Source Image: <https://www.people.it/business-model-you>

Overview on the theoretical part

The purpose of the session is to think about new theories of production in order to create opportunities and economic value. In addition, ideas will be developed that include solutions already on the market and new challenges

What are and which are the new business models?

- Lots of people are currently discussing “**disruptive Business**” models and sometimes they are even already fed up with the disruptive world. But why is this topic so important for everyone and what do we have to know about it? This part should help you to understand why these new disruptive business models are so important and why everybody should at least have an understanding of the basics of the most successful business models.
- **What is a disruptive business model?** Disruptive business models are a type of disruptive innovation that brings a new idea or technology to an existing market. Disruptive market entrants usually capture unmet-demands in the existing market.

What are and which are the new business models?

9 Disruptive Business Models

Freemium Model	Especially for low marginal cost products. Offer a free version that is not perfectly satisfying but already is attractive for customers and try to upsell with more services.
Subscription Model	It aims to bind a customer for a long term by splitting the offered service into a monthly recurring payment. Well known from Netflix.
Free Offerings	Google and Facebook are the best examples. For the user it is completely free to use and the company is trying to generate revenues based on other factors like advertising.
Marketplace Model	One- or two-sided marketplaces are a very popular internet business model. Either the market place sells a set variety of products (e.g. Product Webshops) or it offers a two sided platform like Amazon Partner or Ebay.
Sharing Economy / Access-over-Ownership	Selling limited access-over-ownership rights got famous and popular with Airbnb. It can be used to share goods which are physical assets (houses, cars, etc.) but also intangible assets (software, licenses, etc.)
User Experience Premium	One trend that can be observed with brands like Apple, Tesla, etc. which focuses on realizing higher prices by offering better user experiences.
Pyramid Model	On the internet there are a lot of pyramid models, which mostly are built around affiliate systems. Dropbox, Amazon Affiliate and also Microsoft use this model often.
(Digital) Ecosystem	The most successful business model of our time currently. It locks the customer into a own ecosystem of services and offerings so he does not need to leave. Companies earn along multiple points in the customer journey – Example for this would be Amazon or Alibaba.
On-demand Model	Uber, Cloud Computing or even Services can be bought on demand. This way a "premium access" over time and resources can be monetized according to customer needs.

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What are and which are the new business models?

1. **Freemium Model:** One of the most frequently used business models. The consumer receives basic product or service free of charge, and premium services for a very limited amount of time.
2. **Subscription Model:** Products and services can usually also be offered as subscriptions. The total amount is billed periodically. The aim is to bind the customer in the long term. In contrast to the one-time purchase, the customer benefits from improvements and extensions of the service.
3. **Free offerings:** A model that has gained in popularity, especially through Google. For some entrepreneurs, it is difficult to understand the reason, but such business models usually evaluate customer data for advertising or personalized offers, it is interesting to use a lot of information about customers.
4. **Marketplace Model:** For some industries, marketplaces already had or have great disruptive potential. The business model used here is usually a digital marketplace that connects the seller and buyer on a common platform. Money is usually generated via brokerage fees, commissions, or fixed transaction costs.

What are and which are the new business models? (continued)

5. **Sharing Economy – Access-over-Ownership Model – Renting & Leasing:** In the classic sense, the sharing economy is referred to as letting. Goods or services that can usually only be purchased or made available to another person for a limited period of time. This can be exemplified by car sharing. The car is made available for a certain period of time and a number of km for another person against payment.

6. **User Experience Premium:** This is a premium model that can be easily observed using Apple. A good customer experience adds value to an exchangeable product. The service, the brand, and especially the experience of the customer are improved and premium prices are charged.

What are and which are the new business models? (continued)

7. **Pyramid Model:** The model is a typical sales model that has been available for many years. Especially due to the easy billing by technical aids, these pyramid models can be quickly built up and easily managed. It is especially interesting for products with high margins and which can be easily explained.

8. **Ecosystem – Create your own ecosystem:** To bind customers to an ecosystem in the long term through a “lock-in” process in a service is a dream for every entrepreneur. For example, if you have a mobile phone from Apple or with Android, you are probably included in this ecosystem.

9. **On-demand Model:** Time is money, that is the structure of this business model. The immediate access is sold or also the premium access to “time”. The delivery, the product, or the service can be called up at a certain point in time. Video-on-demand, taxi (over) on-demand, and many other systems are good examples.

- **What else is there in a circular economy?** A circular economy follows, of mainly, "the 5 business model":
 - circular supply chain "from the beginning"
 - recovery and recycling
 - extension of the product life
 - sharing platform
 - produced as a service

Relevance for female entrepreneurs; the value of the women at work: why is so important?

- Here are some ideas:
 - Female entrepreneurship is crucial for employment, economic growth, innovation, development and the reduction of poverty at large;
 - Women are often only the officially registered owners of firms, for the sole purpose of securing financial concessions and advantageous conditions from credit institutions and European national and regional public administrations; whereas in reality these women function as 'fronts' since while they bear the business risk the actual decision-making of the company is left to men;
 - Various obstacles to female entrepreneurship such as the predominance of women in unemployment, the consistent gap in entrepreneurial activity, and the under-representation of women in management activities, are interwoven and difficult to deal with, and their removal will call for complex changes;

Relevance for female entrepreneurs; the value of the women at work: why is so important? (continued)

- quantitative research on female entrepreneurship is scarce but recent studies show that men are more likely than women to prefer entrepreneurial careers;
- female entrepreneurship, once carefully distinguished from 'bogus' self-employment, is a powerful source of economic independence that offers women the opportunity of further integration into labour markets whereas female entrepreneurship offers the opportunity for women to strengthen their role as business leaders and to induce cultural change both inside and outside their companies; whereas these women can be important role models for girls and young women following in their footsteps;
- women have huge entrepreneurial potential, and female entrepreneurship is about economic growth, job creation and the empowerment of women;
- And so on...

Theory on Rethinking production and the fact in CE you could start the process at any point of production

- As we know, a circular economy is fundamentally different from a linear economy. To put it simply, in a linear economy we mine raw materials that we process into a product that is thrown away after use. In a circular economy, we close the cycles of all these raw materials. Closing these cycles requires much more than just recycling

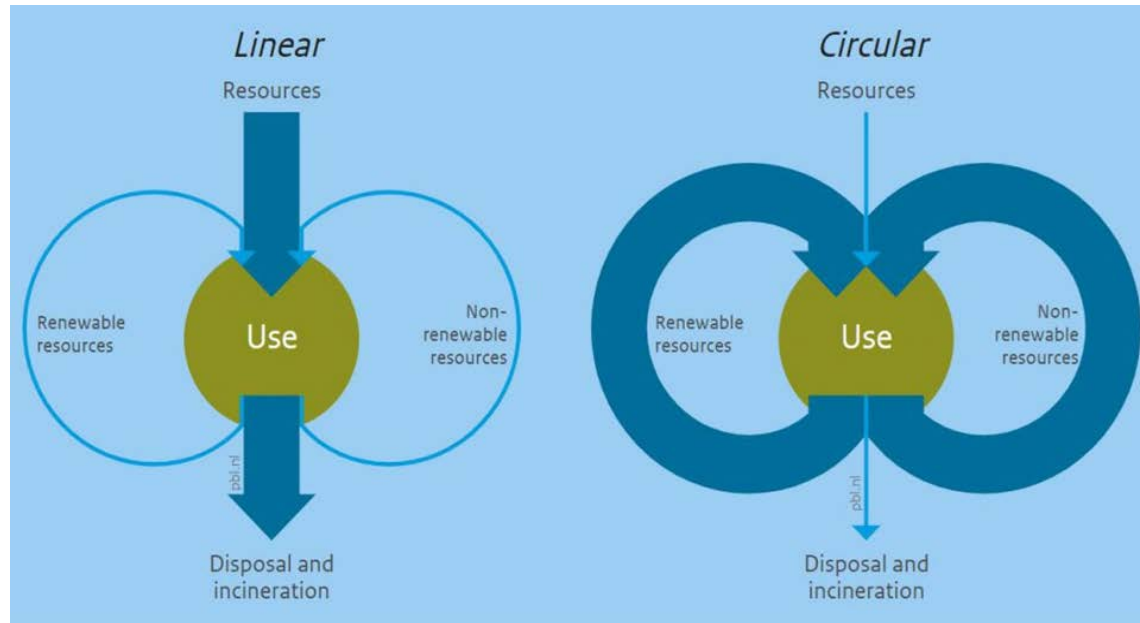


Figure 1: **the large** reuse of raw materials in a circular economy

Stakeholders analysis

- The establishment of circular business models underlines the importance of relationships with stakeholders, whose expectations are highly relevant for the formulation of a successful strategy; infact, these conditions are essential for the company's growth in the medium-to-long term.
- Thus, "stakeholder engagement" can contribute to the implementation of circular business models. Such engagement can help companies identify stakeholder expectations and promote their fulfillment; in this regard, it is crucial to prevent potential negative effects due to the lack of an effective dialogue.
- This approach requires the preliminary mapping and classification of stakeholders as well as the consequent selection of the most convenient ways of interaction.

Legal implications and barriers in each country

There are several policy measures that stimulate a circular economy,
In order to switch to a circular economy, the central government and other governments are taking various measures.

For example, the central government of the Neatherlands has set up the Versnellingshuis Nederland Circular, concluded several Green Deals, and launched the programmes Van Afval Naar Grondstof (VANG) and the Ruimte in Regelels voor Groene Groei (Space in Rules for Green Growth).

What policies are still necessary?

- With additional and sometimes different policies, the Dutch government (for example) can promote the transition to the circular economy even better.
- **For example**, definitions of waste and raw materials in legislation and regulations have become outdated. In addition, policy measures still focus mainly on recycling and traditional partnerships, and a tax shift from labour to raw materials has not yet been achieved. In addition to the national level, it is important that the Dutch and European governments continue to manifest themselves internationally for the circular economy. Worldwide, the amount of mined raw materials is still increasing every year.
- In October 2019, the Task Force Waste Review published its report on regulatory and legislative barriers to the circular economy. The most important observation made by the Task Force was that the obstacles are not so much found in legislation and regulations, but for the most part in their implementation. Rules are often not interpreted in the same way; experimenting with new production processes is sometimes difficult. The Task Force sees that as a result initiatives remain small-scale, while the step must now be taken towards more and more extensive innovative processes.

Practical examples of strategies to make the shift to CE

We are talking about new processes, new products, new skills that universities are creating and introducing on the market for companies to use.

So the circular economy, spanning many different fronts, offers new lifeblood for the green economy and Italian manufacturing.

Gradually, diffusion of the circular approach will enable more and more companies to free themselves from dependence on costly virgin resources, while also increasing resilience and competitiveness: this will favour their strategic adoption of sustainable business and the creation of shared value for society.

The stories told below demonstrate how the principles of the circular economy generate innovation at all levels: in Companies,

Start-ups, Foundations, Research Centres, Universities, Consortia and Associations... all of which share the same passion for innovation and a better future.

Case History

ABOCA: Bringing health benefits to the body with natural products that return to nature after use, without leaving behind a single trace of unnatural substances in either the human body or the environment.

ALISEA: In a circular economy the value of one company's waste depends on how another company can make use of it. Alisea makes this value tangible by putting waste-producing companies in contact with those who have waste-using ideas. Many companies entrust Alisea with the manufacture of personalised merchandising made of recycled materials, reinterpreted in unique ways by Italian designers and artisans.

AMETHYST: Water is the most circular of all natural resources but when it becomes polluted during its cycle, its potential for reuse – and therefore its contribution to circularity – is seriously compromised. In aiming to address a problem that is causing permanent damage to the environment, Amethyst has created an innovative solution for purifying wastewater, inspired by nature. Its Zeofito technology – which won the “Best innovation for Eco-sustainability and the Environment” award at the Ecomondo fair in Rimini in 2016 – is a patented biotechnological phyto-depuration system which uses porous volcanic rock, plant species such as marsh reeds, and microorganisms selected according to the kind of water pollution to be treated.

ASTELAV: A second life for home appliances and for people. That is the aim of REGENERATION, the project launched by Astelav in partnership with Sermig. Astelav has been distributing spare parts for domestic appliances since 1963. Founded by Giorgio Bertolino, Astelav has become one of the main European distributors of spare parts for household appliances. With an inventory of 25,000 different items in a 7,000 m² warehouse, Astelav ships around 200 orders a day in Italy and to 75 countries worldwide.

Together with Sermig (Youth Missionary Service of Turin), Astelav leverages its experience in spare parts to refurbish discarded large domestic appliances such as washing machines, dishwashers, refrigerators and ovens that would otherwise become WEEE waste destined for landfill.

BIONAP: Innovation also means looking where others don't: at what's discarded. Take the bergamot plant, for example: normally this is used only for its precious essential oil, obtained by cold-pressing the skin of its fruit. The rest of the plant has always been thrown away. That's what Bionap decided to use: from bergamot juice it extracts flavonoids (polyphenolic compounds) that help control the so-called "bad" cholesterol (Ldl) in human blood. Bionap is an Italian company that specialises in the production of extracts derived from Mediterranean plants and fruit, especially from Sicily.



Co-funded by the
Erasmus+ Programme
of the European Union



CNR: The challenge posed by the circular economy is something that Italy's National Research Council, the CNR, could not fail to address. Research institutes connected with the CNR have been involved in projects concerning material circularity and the re-use of waste. The ITIA - Istituto di Tecnologie Industriali e Automazione - has developed a pilot plant with innovative technologies for end-of-life management of mechatronic products: the repair, remanufacturing, re-use and recovery of materials.

EATALY: A name that has become synonymous with good food, gastronomic culture and typical Italian specialties all over the world. Over the years Eataly has become a kind of calling card for Italian food and for Italian creativity and skill in general. Selling typical products involves respecting their local origins, and therefore means supporting the areas and contexts that gave birth to them. This explains why, since the year 2016, in its retail locations, Eataly has displayed 'seven moves' for reducing waste and facilitating its recycling or elimination.

The "Obiettivo Rifiuti Zero" ("Zero Waste Goal") is a training and information project that Eataly offers its employees and customers, in order to promote recycling and the reuse of waste materials.

References: read the theoretical part

Activity One

“Write some examples of old and new business models” (20 min)

- 1) Learn the difference between old and new economics
- 2) Get familiar with the 11 elements:
 - 2.1) Value Proposition – Customer Relationships – Channels – Customer Segments
 - 2.2) Key Partners – Key Activities – Key Resources
 - 2.3) Cost Structure – Revenue Streams
 - 2.4) Eco-Social Costs – Eco-Social Benefits
- 3) More in detail

Activity Two

“Discuss of it with your partner” (20 min)

- 1) Read your format and discuss of it.
- 2) Compare the differences between old and new economics

Activity Three

“List advantages and disadvantages of new business models” (20 min)

What we achieved today: our results

- Sharing and understanding the differences
- Knowing how to recognize the advantages of choosing linear or circular economy
- Participants are now able to understand and describe the differences
- Participants prepare their BUSINESS VISION, considering sustainable requirements.
- Have a clear understanding of new business models and use them as inspiration (from a model to another, the reasons, examples)
- ONLINE LEARNING associated with self-study (asynchronous part) offers deeper understanding on the key topics of the program to offer a solid, complete learning experience also to participants learning without the support of a trainer.