

Challenging business as usual

Conceiving and creating sustainability value
through hybrid business models

Research published by
Antwerp Management School
in partnership with ING Belgium

 **antwerp
management school**

Powered by the University of Antwerp

ING 

Executive summary

Perhaps the main challenge in business-society relations is a challenge of imagination: Are we able to envision a world of high ecological quality, that is socially just, and is economically prosperous? And how can companies contribute to it? It is a question of sustainability, which in the end revolves around the quest for a better world.

The recently launched Sustainable Development Goals urge to fundamentally rethink conceptions of value and to develop hybrid business models: business models that not only lead to the creation of economic, social, and ecological value, but actually integrate these types of value by considering them as equal. Hybrid business models challenge the idea of sustainability as being merely a means to a business end but represent a choice for normative values that reflect a deeper purpose, including an ambition to challenge or change the social-economic system and the business culture they are part of.

It is important to better understand these hybrid business models in order for business to become truly sustainable. This report aims to contribute to this understanding by conceptualizing and enriching the picture of hybrid business models. It employs a multi-method, interpretative approach based on interviews with both leading practitioners and academics, burgeoning academic and popular literature, and two focus groups. In order to enrich the picture about hybrid business models, this report includes many examples and an interview with international sustainability thought leader Dr Wayne Visser.

Since the concept of hybrid business models represents a category of rather heterogeneous business models that focus on integrated value creation, this report identifies two generic types of hybrid business models: incremental hybrid business models and radical hybrid business models. These types of hybrid business models, especially when compared to traditional business models, differ in their orientation on several dimensions related to value creation, sustainability impact, and other aspects of enterprise.

The results from the empirical research into hybrid business models are presented through four lenses: Drivers, Barriers, Critical Success Factors, and Implications. Within each of these lenses, several thematic storylines are identified about hybrid business models. This report concludes that sustainability intelligence – consisting of naive, native, and narrative intelligence – is needed to spur the development of hybrid business models and for business to become truly sustainable.

Table of contents

Preface by prof.dr. Paul Matthyssens.....	4
Purpose of this report.....	5
Part I. Business in a VUCA world: Imagining truly sustainable business.....	6
Leader of the pack: Patagonia.....	9
Part II. Business for a better world: Conceptualizing hybrid business models.....	11
Sustainability incorporated: Examples of hybrid business models in practice.....	15
Part III. Views on hybrid business models: A kaleidoscopic view.....	20
A vision of hybrid business models: An interview with Wayne Visser.....	27
Part IV. Towards sustainability intelligence.....	28
Questions to challenge your thinking (and your company's).....	30
References.....	31
Library.....	32
Annex: Interviews and focus groups.....	33



Preface by prof. dr. Paul Matthyssens Dean of Antwerp Management School

At Antwerp Management School (AMS), sustainability is one of the pillars in our philosophy about how to educate future managers and business leaders. In 2012, we took the initiative to become a signatory of the United Nations Principles for Responsible Management Education and in 2015 started the implementation of a sustainability program that cuts through all of our master programs. We challenge every student that graduates from AMS to reflect on the role of business in society and his or her leadership in this regard.

Since last year, students get a one-day full immersion in the topic during their first week at AMS. The result was that over 50 students accepted our invitation to become a Sustainable Development Goals Student Ambassador. Together with our team and Cifal Flanders they have been working in groups on numerous sustainability projects, creating value for business, society, and themselves. This pays tribute to my statement that choosing for AMS means making a choice for a career that creates value and well-being for everyone.

While we are ambitious in making sustainability an integral part of our programs and thinking, it is good to recognize that we still have to improve a lot. I think that recognizing this is inherent to sustainability: organizations can always do better and the sustainability issues that business and society face are too daunting to make such a claim. If anything, they challenge us to develop new ways of thinking, leading to new business models, and new definitions of success.

I am proud and thankful that ING has given us the opportunity to do the research to create this report on hybrid business models. To me, it demonstrates ING's willingness to further responsible management not only within its own organization but also – via AMS – for other organizations of all kinds.. It is only through partnership that this ambition can be realized. I hope this report will be the start of a fruitful, mutually inspiring partnership with sustainability as its focus.

Finally, allow me to reiterate the mission-driven slogan we use at AMS: 'Opening Minds. Touching souls. Energizing business.' I think that the contents of this report does exactly this. And I hope that every reader will see it as an invitation to challenge his or her own thinking and doing.

Prof.dr. Paul Matthyssens

Purpose of this report

The main purpose of this report is to explore, conceptualize, and enrich the picture of hybrid business models: business models that create integrated economic, social, and ecological value. Being an emerging phenomenon, there is a clear need to better understand such business models from both a conceptual and a practitioner's perspective. This report hence seeks to contribute to that understanding by focusing on innovative conceptions about value creation processes on the business-society interface.

Hybrid business models across the business landscape were included in the investigation for this report, including businesses of different sorts, sizes, and sectors and of varying levels of maturity. Investigative efforts focused on the drivers and dynamics behind the emergence of hybrid business models, the barriers that businesses and entrepreneurs face in developing them, implementation issues, and the implications of hybrid business models for leadership and finance.

To obtain the data for this report, a multi-method, interpretative approach was followed that allowed for efficiently tapping into knowledge and experiences on hybrid business models. The sources used for this report include interviews with both leading practitioners (entrepreneurs, managers, consultants, and other subject matter experts) and academics, burgeoning academic and popular literature, two focus groups (one consisting of small and medium-sized enterprises, the other consisting of sustainability professionals from all sorts of organizations). Interviewees were asked not only to reflect on the topic from the perspective of their own company, but were explicitly invited to also bring their own views and what they see happening in other companies and sectors to the table. While this approach inherently holds a subjective element in it, it also ensures a painting a rich picture of hybrid business models.

Both the conceptualizations, the presentation of the findings, and the conclusion of this report provide several pointers for stimulating the development of hybrid business models in practice. As such, this report serves as an inspirational document for organizations that want to consider embracing hybrid business models and that are eager to learn from new insights and good practices.

Being an example of 'engaged scholarship' (Van de Ven, 2007), this report aspires to be accessible for a broad audience and be an invitation for every interested reader to reflect on, further explore, and contribute to this important topic.



This report contains several links to materials that you can freely download, allowing you to further explore the topics addressed.

Part I.

Business in a VUCA world: imagining truly sustainable business

The current context of business

To say that we live in interesting times might qualify for the understatement of the century. Anyone would be hard-pressed to find another person that would not agree on the statement that the current day and age represents a period of historical turmoil.

The macro perspective tells an unsettling story. We are still recovering from one of history's most profound economic crises that has urged us to rethink outdated economic principles and ways of creating value. New technologies have spawned a transparent, interconnected global village that is challenging people's competencies, assumptions, and worldviews. We combine cultures of hyper consumption and obesity with structural patterns of extreme poverty and malnourishment. 'Trumpworld' has turned institutions on their heads and is prone to shift geopolitical power balances, resulting in unpredictability. In the meantime, climate change has not only already transformed the face of the Earth, but has accelerated migration patterns and has become a matter of national security. And with our negative and positive impacts on planet Earth we have created the era of the Anthropocene, which is now a recognized subdivision of geological time.

From a business perspective, the consequences are dire. Technological developments urge to rethink not only patterns of interaction, but are also challenge our views about the nature of work. New, non-economic issues are influencing many aspects of business and seem hard to manage. Supply chains are getting ever more internationalized and complex. Stakeholders have new and rising expectations towards companies that go well beyond product quality and profit margins. Business is no exception to the fact that trust in institutions is eroding and a new social contract between business and society is needed. Businesses are urged to disrupt at the risk of being disrupted – and to synchronize their business models with the changing tides of the times.

Just think about it for a moment. This is not exactly La La Land. It is the epoch of the harsh VUCA world: Volatile, Uncertain, Complex, and Ambiguous. And business needs to find its way in it.

The challenge of imagination

Existing ways of doing businesses may become obsolete rather quickly in this VUCA world, because of the high pace of change and the constant pressure to innovate. However, perhaps the main challenge is a challenge of imagination: Are we able to envision a world of high ecological quality, that is socially just, and is economically prosperous? And how can companies contribute to it? It is a question of sustainability, which in the end revolves around the quest for a better world. While it is obviously a daunting question, its encompassing nature should challenge our thinking and inspire our efforts to design and develop new ways of doing business and creating value – not lead us to resorting to answers of lesser ambition.

Sustainable development provides the intellectual principle for the deep-rooted change we need. To the extent that organizations have recognized and embraced this principle, it has not been easy to translate it into actual business practice. Interestingly, the laudable but rather abstract notion of sustainable development that was used in the landmark Brundtland report of the United Nations has recently been supplemented with the more topical agenda of the Sustainable Development Goals (SDGs). Providing a comprehensive sustainability compass for business, the SDGs now serve as a clear point of reference for developing sustainable business.

Truly sustainable business

In efforts to encourage companies to embrace the SDGs and contribute to sustainable development, the goals are usually translated into business opportunities and risks. In fact, the SDGs are consistently identified by its propagators as presenting 'the biggest business opportunities of a lifetime' that will allow companies to contribute to societal progress at the same time (ISEAL & WWF, 2017; cf. Porter & Kramer, 2011). Such an instrumental or traditional business case approach towards sustainability, characterized by viewing sustainability above all as a means to a business end, has resonated widely within the business community and has become dominant in the discourse on sustainable business.

Imagining a better world: The 2030 agenda

The Sustainable Development Goals (SDGs), officially known as ‘Transforming our world: The 2030 agenda for sustainable development’, are a set 17 aspirational global goals, specified into no less than 169 targets, that represent some of the biggest social and environmental challenges in the world. The aim is to have delivered on these targets by the year 2030.



The SDGs are spearheaded by the United Nations (UN) and, as such, they can be considered as the broadest and most widely accepted sustainability agenda of our time, inviting organizations of all sorts to make a concerted effort for realizing a better world.

In Belgium, The Shift (network for sustainable businesses) and Cifal (sustainable development training centre of the UN) are the organizations that aim to coordinate and further the agenda among businesses and other organizations on a national level.

However, what makes the SDGs even more interesting is that they offer an agenda of sustainability challenges independent of the question if there are business cases to be found in them. As such, the SDGs are an appeal to fundamentally rethink conceptions of value and, by implication, processes of creating value.

The SDGs are an invitation to develop truly sustainable business and this notion gives rise to important questions, including:

- What is the type of value that we (want or need) create?
- Is business as usual suited to deliver on the sustainability agenda?
- Do we need more transformative business models?

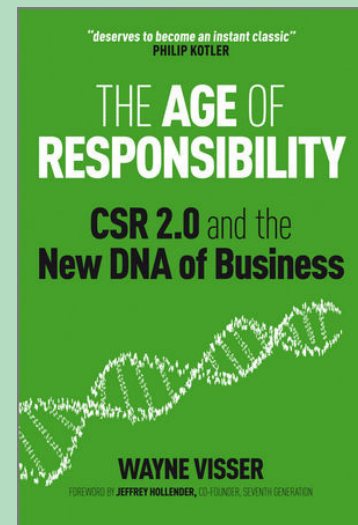
Posing these questions is undoubtedly easier than answering them. While entrepreneurs and companies of all sorts, sectors, and sizes have been pioneering them, it is a sobering thought that business models that create true sustainability value are currently everything but the norm. In fact, research for instance shows that businesses have so far been adjusting their business models in an incremental way (Kiron, Kruschwitz, Reeves & Goh, 2013), that most small and medium-sized businesses have no idea what a circular economy is about let alone what it implies for them (MVO Nederland, 2015), and that by far most efforts to make business more sustainable are actually failing (Bain & Company 2017). So, at best, sustainable business is work in progress. At worst, they are naive attempts to redirect a broken economic model that resists change.

The three curses of sustainable business

The concurrent creation of economic, ecological, and social value by business has proved to be challenging. In fact, sustainable business is far from the norm. In his book 'The age of responsibility: CSR 2.0 and the new DNA of business', Visser (2011) argues that the breakthrough of sustainable business is hampered by three curses:

- The curse of sustainability remaining too much in the **periphery** of business: in many instances, sustainability is still not part of the actual core business of companies and the communications department has the primary responsibility over sustainability.
- The curse of sustainability being **uneconomical**: a lot of research actually shows that investing in sustainability is not necessarily a good investment from an economic point of view and sustainability may lead to economic gain only under specific conditions and circumstances.
- The curse of being **incremental**: sustainability is locked in the dominant paradigm of continuous improvement and developing new conceptions of value from the perspective of existing business models rather than being a driver for fundamentally rethinking the nature of the business model.

These curses are largely caused by conceiving sustainability within a business as usual framework, illustrating the importance of innovating business models to create sustainability value.



Hybridizing the business model

Although this may sound disappointing, recognizing the current state of sustainable business is essential to develop a realistic view of things to come. What is hopeful is that the generic need for integrating sustainability into business models seems to be recognized by many entrepreneurs and business leaders as well as by their stakeholders. There seems to be an unmistakable development towards and an increased need for so-called hybrid business models: business models that not only lead to the creation of economic, social, and ecological value, but actually integrate these types of value by considering them as equal (Antwerp Management School, 2016).

These hybrid business models come in various shapes, forms, and guises, can be found in many sectors, and are scattered around the maturity spectrum. While some successful examples have surfaced, others have failed. Still, the world is possibly witnessing the dawn of a new type of business that aligns its objectives with those of society through hybrid business models. It will be not be an overnight development and their state of development may be rather embryonic, but the trend is there – and it is important to explore and better understand these hybrid business models in order for business to become truly sustainable.

Leader of the pack: Patagonia

“We learned how to make fleece jackets from recycled plastic bottles and then how to make fleece jackets from fleece jackets. We examined our use of paper in catalogs, the sources of our electricity, the amount of oil we consumed driving to work. We continued to support employees with medical insurance, maternity and paternity leave, subsidized childcare and paid internships with non profit environmental groups. As we have for many years, we gave one percent of sales to grass-roots activists. This one percent commitment isn’t typical philanthropy. Rather, it’s part of the cost of doing business, part of our effort to balance (however imperfectly) the impact we have on natural systems – and to protect the world on which our business, employees, and customers rely.”

The above is a telling illustration of reasons why California-based outdoor clothing and equipment manufacturer Patagonia is considered to be among the world’s leading companies when it comes to sustainable business. The company, which was founded to “build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis” has consistently shown to be successful in terms of financial and sustainability performance, developing a profile as an activist company that criticizes and challenges the very socio-economic system it is part of.

Having operated a relatively traditional business, based on developing and selling outdoor equipment and clothing, Patagonia has gone through a process of making its supply chains as responsible as possible. It has since long been active in promoting fair labor and safe working conditions in its supply chain. The company has been engaging with factories and mills in its supply chain in order to improve human well-being at production facilities and to reduce the environmental impact of suppliers’ operations. With the goal of creating supply chain transparency and supporting stakeholders to reduce their adverse social and environmental impacts, The Footprint Chronicles (an interactive worldmap of suppliers) report on the environmental impact of the company’s fabrics and products.

In 2013, it created a US\$20 million green venture fund called ‘\$20 Million & Change’ to invest in companies that share the firm’s social and environmental values and support these companies in their operations. Patagonia also engages in political activities as an activist corporate citizen, trying to influence government policy and public opinion and debate on matters it deeply cares for. The company has campaigned together with non-governmental organizations and activist groups, such as Earthjustice, as well as with like-minded companies in various coalitions for wildlife conservation and the availability of freshwater, and has participated in the

The Patagonia logo, featuring the word "patagonia" in a bold, lowercase, sans-serif font with a registered trademark symbol (®) to the upper right.

development of the Sustainable Apparel Coalition, which includes companies such as Nike, Gap Inc. and Marks & Spencer. In addition, it started a global campaign called ‘The Responsible Economy’ which aims to invite thought leaders to create ideas on a more sustainable economic system for the decades to come.

In 2011, Patagonia launched the Common Threads Partnership, inviting consumers to express their environmental expectations toward the company and challenging them to counter excess consumption by means of taking a pledge. Part of this initiative was one of the most striking marketing campaigns in the business that took on the culture of consumption that most companies in the world, including Patagonia, have since long relied on. On Black Friday, the day following Thanksgiving in the United States when traditionally one of the world’s largest shopping sprees takes place, the company placed a full-page advertisement in the New York Times, urging people to not buy their bestselling jacket.

This has led the company to further reflect on the sustainability of its business model, leading to a partnership with online auction service provider eBay to create a branded marketplace for people that want to sell their used Patagonia products. While this initiative is a logical consequence of the company’s reasoning, it also allows Patagonia to tap into other customer segments, explore repair and refurbishment services, and to pay tribute to the quality of the company’s products. Following this initiative, the company has launched new initiatives around Black Friday since, including the short documentary called ‘Worn wear – A film about the stories we wear’, and started to communicate the statements relating to second-hand Patagonia clothing

such as 'Better than new', 'If it's broke, fix it', and 'Repair is a radical act' to encourage people to reuse and recycle their clothes. More recently it put a repair and refurbishment service wagon running on biofuel on the road in addition to its North American garment repair facility, which people can use for all of their used clothing – not just that of Patagonia. In 2016, the company decided to give away 100 per cent of its record-breaking

global retail and online Black Friday sales to grassroots not-for-profit organizations.

Being all but a stereotypical company and challenging business as usual in many ways, Patagonia is clearly a best practice when it comes to hybrid business models and an example for businesses large and small around the world.

DON'T BUY THIS JACKET



It's Black Friday, the day in the year retail turns from red to black and starts to make real money. But Black Friday, and the culture of consumption it reflects, puts the economy of natural systems that support all life firmly in the red. When you using the resources of one species to feed dozens of our own, and only yours.

Because Patagonia doesn't have a business to protect, we want to do the opposite of every other business today. We ask you to buy less and to reflect before you spend a dime on this jacket or anything else.

Environmental bankruptcy, as with corporate bankruptcy, can happen very slowly, then all at a sudden. This is what we face unless we slow down, then reverse the damage. We're carrying that on heat, water, topsoil, fisheries, wetlands – all of our planet's natural systems, and resources that support business, and life, including our own.

The environmental cost of everything we make is skyrocketing. Consider the "F2" Jacket shown, one of our best sellers. To make it required 120 litres of

COMMON THREADS INITIATIVE

REDUCE
WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR
WE help you repair your Patagonia gear
YOU design to be repairable

REUSE
WE help find a home for Patagonia gear you no longer need
YOU sell or pass it on

RECYCLE
WE will take back your Patagonia gear that is worn out
YOU pledge to keep your shirt out of the landfill and incinerator

REIMAGINE
TOGETHER we reimagine a world where we take only what nature can replace

water enough to meet the daily needs of three glasses a day) of 45 people. Its journey from its origin as 100% recycled polyester to our fleece warehouse generated nearly 20 pounds of carbon dioxide, 24 times the weight of the finished product. This jacket will be laid, on its way to France, over 100 miles in transit.

And this is a 100% recycled polyester jacket, and even here to a high standard, it is exceptionally durable, so you won't have to replace it so often. And when it comes to the end of its useful life, we'll take it back to recycle into a product of equal value. But, as is true of all the things we sell, make and you own, this jacket comes with an environmental cost higher than its price.


There is much to be done and clearly for us all to do. Don't buy what you don't need. Think twice before you buy anything. Go to patagonia.com/CommonThreads or scan the QR code below. Take the Common Threads Initiative pledge, and join us in the 8th "R": to reimagine a world where we take only what nature can replace.

patagonia
REPAIRABLE



*If you've used Patagonia product in the past, we'll make the Common Threads Initiative pledge, we'll take your product to our Patagonia store for a donation or repair.

Better Than New



Patagonia® Surf Trunks from 1994

It's Fashion Week, when the design world turns its attention to what's new. We'd like to point out something better, what has. While we're proud of the quality and performance of Patagonia clothes, every now then we make something more than new. We make something better than new.

That's why Patagonia has chosen to celebrate our old stuff as well as our new. We've asked customers to send in photos and stories for our *Worn Well* blog, which chronicles Patagonia clothes that have lasted for years or decades and become old friends. The Patagonia Surf Trunks from 1994 you see here belong to Christo Guey, who has worn these paddling and surfing trunks from India to Belize to Ecuador. They're still in use, though long up, stretched up and shored. Fibers from a beach article now makes up the rest. The mending trip and the hem were on a patch on another pair of Patagonia shorts.

This fall we're opening *Worn Well* sections in several of our stores. Here you can find high quality Patagonia clothes, still on their way toward gaining the character to become great *Worn Well* stories. It's part of our Common Threads Partnership with our customers to reduce consumption, repair what breaks, repurpose what we no longer use, recycle or repurpose what we can, and reimagine a world where we take only what nature can replace.

patagonia
Join us at patagonia.com/commonthreads



YouTube

Part II.

Business for a better world: Conceptualizing hybrid business models

What is a (hybrid) business model?

In order to conceptualize hybrid business models, it is important to understand what a business model is. Ask a couple of business(wo)men what a business model is, and chances are that you will get a wide variety of answers, ranging from a general approach to business, the legal status of their business, the structure of their organization, the functioning of their company's supply chains, or even what their company does with its profits. Although academics differ in their conceptions of what a business model is as well, a widely accepted definition is “a system of interdependent activities that transcends the focal firm and spans its boundaries” (Zott & Amit, 2010: 216). It describes the rationale of how organizations create value, deliver value, and capture value (Osterwalder & Pigneur, 2010: 14). Traditionally, value then is conceived of as direct or indirect economic benefits for a business.

As we have seen in Part I. of this report, the VUCA world challenges business to rethink their role in society and fully embrace the principle of sustainable development to become truly sustainable business. In contrast to traditional business models, the main characteristic of a hybrid business model hence is that it purposively aims to create integrated economic, social, and ecological value and considers these types of value as equal (Antwerp Management School, 2016).

With this aim, hybrid business models not only bring sustainability to the very core of companies rather than viewing sustainability as a bolt-on or plug-in for business models that predominantly aim to create economic value. They also challenge the idea of sustainability being merely a means to a business end. Their orientation on sustainable business is thus not one of basic compliance or efficiency, but one of innovation (Miller & Serafeim, 2015). Hybrid business models also represent a choice for normative values that reflect a deeper purpose, including an ambition to challenge or change – either incrementally or radically – the social-economic system and the business culture they are part of (Melissen, 2016). These are crucial distinctions when it comes to characterizing hybrid business models, especially when compared to the popular concept of shared value (Porter & Kramer, 2011). Put differently, the goal of hybrid business models is to bring business in a sustainability context instead of

bringing sustainability in a business context. Hybrid business models hence raise the bar when it comes to building business for a better world: they challenge business to envision value creation processes that are designed to contribute to true sustainability while perpetuating the business itself. A puzzle of three pieces may serve as a metaphor here: when one of the pieces is missing, the puzzle is incomplete.

Integrated value

The 2016 CSR Trend Report by Antwerp Management School identified 20 trends in sustainable business. Some of the trends highlighted: companies are increasingly moving beyond policy formulation and aiming for actual ecological and social impact, the growing importance of applying new technologies for sustainability solutions, that sustainability is getting more local, a revival of business ethics, the curtailing of supply chains, the growing importance of partnerships, and an increased attention for social sustainability.

In the end, the report concludes that the various trends point at the recognition of a new conception of value: integrated value. Integrated value recognizes the importance of both financial value and non-financial values and brings them together in a concept where they not only co-exist, but also challenge, discipline, and inspire each other.

As such, the concept of integrated value may serve as the philosophical underpinning guiding the creation of a new economic system, ways of organizing, and processes of value creation.



Incremental and radical hybrid business models

It is important to note that there is no prototype hybrid business model: the creation of integrated economic, social, and ecological value can take place in many different ways. The concept of hybrid business models can hence be seen as referring to a category of rather heterogeneous business models that focus on this type of value creation. In order to get a grip on the heterogeneity of hybrid business models, this report distinguishes between two generic types, which we call incremental hybrid business models (I-HBMs) and radical hybrid business models (R-HBMs).

I-HBMs can be seen as business models that integrate sustainability into an existing, usually somewhat more traditional, business model, bringing sustainability within the current business model. This type of hybrid business model reflects a process of ‘adjusting the business model’ and the company is ‘guided by sustainability’. While I-HBMs may not represent a radical deviation, they go well beyond dealing with sustainability as a peripheral issue. While sustainability and economic value are seen as equal, integrating economic, social, and ecological value is a process of striking a balance and contextual negotiation. In fact, I-HBMs tend to bring sustainability to the core of a company’s business by aligning its internal operations with sustainability, making its supply chains more social or ecological friendly and redesigning its products from a sustainability perspective.

As such, I-HBMs have an innovation orientation on sustainability. In contrast, R-HBMs embrace more radical forms of sustainable value creation. This type of business models represents a clear break with current models of value creation that characterize business as usual. R-HBMs reflect a process of ‘overhauling’ or even ‘reinventing’ business model and the company adopting such hybrid business models may be characterized as being ‘driven by sustainability’.

Rather than following a route of incremental change, companies actively seek to disrupt and redesign existing models of value creation, challenge ingrained assumptions, and break with what is currently perceived as the norm in business. Exemplifying breakthrough approaches, R-HBMs take sustainability beyond current conceptions of what constitutes a business model in order to envision alternative ways of the simultaneous and symbiotic creation of economic, social, and ecological value. While R-HBMs also have an innovation orientation on sustainability, their approach is better characterized as being of a transformational nature.

Clearly, hybrid business models, especially when compared to traditional business models, differ in their orientation on several dimensions related to value creation, sustainability impact, their main partners in achieving sustainability, and other aspects of enterprise. The differences in orientation between the various types of business models are depicted in the figure below.

		BUSINESS MODEL TYPE		
		Traditional	Incremental hybrid business model	Radical hybrid business model
ORIENTATION ON ...	Sustainability’s relationship to core business	Bolt-on, plug-in	Linked	Essence
	Way to achieve sustainable business	Compliance, efficiency	Innovation	Transformation
	Relationship between economic, ecological, and social value	Trade-off	Balanced integration	Symbiotic integration
	Role of sustainability in economic value creation	Constraining	Guiding	Driving
	The creation of sustainability impact	Compensating negative impacts	Emphasis on reducing negative impacts	Emphasis on Increasing positive impacts
	The existing business model	Undisputed	Challenged, but kept intact	Redesigned
	The status quo	Maintenance	Improvement	Transition
	Partners in sustainability	Cause	Value chain	Society

While I-HBMs and R-HBMs are clearly distinguishable from each other, it should be noted that this is partly a distinction for analytical purposes. In practice, hybrid business models are usually a blend of incremental and radical approaches since most companies aspiring to become truly sustainable businesses have been experimenting with this type of value creation since only rather recently and because a transition, at least in its early stages, only takes place in a piecemeal fashion. R-HBMs may be adopted by companies that would be primarily characterized as being I-HBMs as an experiment of developing towards a more radical business model.

In addition to growing a hybrid business model from within the company, the development of R-HBMs may also take place through acquiring another company or partnering with other organizations. Also, R-HBMs may be the principle on which a start-up may be built. Being categorically distinguishable, I-HBMs and R-HBMs may thus also reflect the conceptual beginning and endpoint of a maturity scale in the development of truly sustainable business. It is for notably this reason that both types of hybrid business models have been included in the research for this report.

The scenery of hybrid business models

Following the heterogeneity of the concept of hybrid business models, the scenery of hybrid business models in practice is quite diverse. For instance, hybrid business models may be developed from (a combination of) the following starting points:

- Limiting negative impacts inherent to business as usual
- Identifying and using overcapacity, un- or underexploited assets, and abundance
- Increasing the productivity and limiting the use of finite natural resources
- Eliminating waste, pollution, and emissions and closed system production
- Challenging ownership structures and redefining hierarchy
- Recognizing value in 'things' that were never recognized as valuable
- Reducing consumption, encouraging sufficiency, and shifting to on-demand use

In many instances, the creation and development of hybrid business models is enabled by new technologies (notably the Internet), alternative pricing models (e.g., pay-per-use, subscription), more democratic and distributed financing arrangements (e.g., crowdfunding, microcredit), intensive engagement of direct stakeholders, and partnerships with organizations from other sectors. The hybrid business models depicted in the figure below were identified from recent accounts in academic literature and corporate practice. Although this is by no means an exhaustive list of hybrid business models, it provides an indication of the state-of-the-art and a sense of direction for future developments.

In line with the observation that I-HBMs and R-HBMs represent an analytical distinction, it should be noted that although the above hybrid business model types can be seen as business models in their own rights purposely designed to create integrated value (R-HBMs), they can also be taken as 'ingredients' for making existing business models more sustainable (I-HBMs). In the latter case, companies may experiment with or implement an

innovative product or process that was designed from the perspective of integrated value, keeping their current business model intact for the moment, but aspiring to scale up a successful experiment or implementation to develop a more comprehensive hybrid business model. For either case, it is important to better understand the drivers of companies that adopt them, their barriers, critical success factors, and their implications.

Closed-loop production	The material used to create a product is continually recycled through the production system.
Product as a service	Customers pay for the functionality of a product, without the responsibility of repairing, replacing or disposing it.
Dematerialization	Reduction in the amount of materials used in the production of products.
Rematerialization	Developing innovative ways to source materials from recovered waste, creating entirely new products.
Sharing economy	Exchanging, borrowing, or renting products or assets owned by someone else.
Access economy	Trading on the basis of providing access to (virtual) products rather than offering ownership.
Bartering	Exchanging goods or services with no transfer of money.
Peer-to-peer	Exchanging or cooperating among individuals in a group or community, connected through a meeting point, oftentimes an online platform.
Cooperative ownership	Companies owned and managed by members, often taking broader stakeholder concerns into account, including those of employees, customers, suppliers, the local community and in some cases, the environment
Base of the pyramid	The product or service targets customers positioned at the base of the wealth pyramid at an affordable price point. Despite small profits with each product sold, companies benefit from the higher sales numbers.
Direct selling	Where products are available directly from the manufacturer or service provider. Savings from cutting out the middleman are passed on to the customer.
Local loop	Co-locating of production processes in countries or regions where the businesses' main markets are.
Leasing	Granting customers the right to exclusive possession of a product or asset and use for a specific period and under specified conditions.
Sufficiency model	Where customers are encouraged to consume less – e.g. extending the product life, encourage product take-back, product exchange, premium branding, and so on.
Refurbishing	Servicing and/or renovation of older or damaged products to extend the lifespan without loss of functionalities.
Retrofitting	Modifying existing products, equipment, or structures with additional or new components or members.
Pay from savings	Substantially reducing operating or investment costs for customers and getting paid from the realized cost savings.

Sources: SustainAbility (2014), Lüdeke-Freund, Massa, Bocken, Brent & Musango (2016), Volans (2016), and identification by the author.

Sustainability incorporated: Examples of hybrid business models in practice

Companies of all sectors and sizes and in different maturity stages are experimenting with hybrid business models. Check out the brief descriptions and their websites below to get some entrepreneurial inspiration for your own thinking on the topic.

JBC

The Belgian family-company JBC aspires to bring sustainable fashion to families by producing clothing with respect for people, planet, and profit. Its pioneering spirit was reflected in 2016, when the company extended the REVIVE collection, its cradle-to-cradle certified fashion line that was originally launched in 2014. This collection is part of a strategy of using bio-degradable materials in the production process that become natural nutrients and a strategy of designing clothes from the perspective of re-using materials without loss of quality. In order to close the loop, consumers can take back their worn clothes to the company's own shops. Being a member of the Fair Wear Foundation, the company ensures that its clothes are made in a socially responsible way as well.



More at: www.jbc.be

Bloomon

Enabled by internet-based platform technology, the Dutch start-up Bloomon delivers flowers on-demand, straight from the grower. Its customers can easily decide on the size of the bouquets as well as the place, time (including evenings, when people are at home), and frequency of delivery. In this way, Bloomon cuts out middlemen and ensures that flowers are as fresh as possible upon delivery to reduce waste. The company also offers its services based on a subscription model. For 2017, it aims to deliver 1 million bouquets. Already being active in various European countries, the first steps towards further internalization have been taken.

bloomon

More at: www.bloomon.nl

Les Rebelles d'Anvers

Les Rebelles d'Anvers is a pop-up fashion library offering a wide array of sustainable (high quality-low impact) fashion through a unique lending system. Operating a subscription model and ticket strip system, users can wear and test new brands, experience products they may otherwise consider to be too expensive, and provide young, independent designers with valuable feedback to improve their creations. When the clothing is being returned, Les Rebelles d'Anvers does an inspection and dry cleans it for other people to borrow it again. If desired, people can buy the clothing as well.



More at: www.lesrebellesdanvers.be

TRI-VIZOR

TRI-VIZOR, a Belgian start-up, enables the carpooling of cargo by taking a role as an orchestrator of shipping transports and logistics. Based on an idea of sharing idle capacity, the company prepares, designs and operates horizontal partnerships and collaborative communities among shippers by bundling flows, pooling resources, and synchronizing logistics across multiple supply networks. In that way, it provides a solution for the low efficiencies caused by fragmentation and capacity shortages, creating cost savings, service, and sustainability performance for its clients.

More at: www.trivizor.com

TRI = VIZOR
THE WORLD'S FIRST CROSS SUPPLY CHAIN[®] ORCHESTRATOR[™]

Parcify

The Antwerp-Limburg start-up Parcify provides an on-demand city delivery service of packages and offers a solution for the current problem of failed at home deliveries. Through its mobile app, customers obtain an address of a Parcify (partner) shop which they have the products they bought online delivered to. Subsequently, Parcify picks up the packaged product and delivers it at the place and time desired by its customer by bike, reducing CO₂ emissions in congested cities. Tapping into a market that grows 15 percent annually in Belgium alone, the company makes sure to service customers to the fullest by making deliveries throughout the week, including Saturday and Sunday, from 7am to midnight. Recently, it has started to internationalize, adding Amsterdam to the cities in which it is already active.

More at: www.parcify.com



NNOF

Nearly New Office Facilities (NNOF) is a company that produces new sustainable office furniture based on reusing existing resources already available with its clients. NNOF dismantles, designs, and produces furniture in its own workshop and employs its own interior designers to ensure high quality products and services for its clients. Building on circular economy principles, the company views waste as a valuable resource. When materials are not fit for reuse, they are recycled to the maximum extent possible. Through its concept, the company reduces waste, diminishes resource use, decreases the levels of CO₂ involved in the production of office furniture, and saves its clients money at same time.

More at: www.nnof.be



Tapazz

Acknowledging that the average car is used for only two out of the available 24 hours a day, Tapazz has developed a peer-to-peer car rental network. Through an app, users have access to cars in their communities which they can rent on a pay-per-use basis. The company has its own system for reviewing and screening both renters and owners in order to provide them with reassurance about safety. Also, renters do not need to have an additional insurance since Tapazz requires owners to have their cars insured with a partner insurance company. The company aspires to make mobility more sustainable. It makes people more aware of the cost of having and driving a car. Also, helping communities share their cars will result in fewer cars on the road.

More at: www.tapazz.com



BookDifferent

BookDifferent is a social enterprise with the objective of making travelling more ecologically friendly and more social at the same time. The company operates an online booking system, offering the largest choice in eco-certified hotels worldwide. By encouraging people to stay at a sustainable hotel, BookDifferent also wants to encourage other hotels to become more sustainable. No less than 50 per cent of the company's gross revenues are donated to selected not-for-profit organizations active in the fields of health and wellbeing, international aid, and nature and the environment. Customers can choose which cause they prefer to support and see the amount of money donated with each booking.

More at: www.bookdifferent.com





KarTent

KarTent has developed a cardboard tent to be used by visitors of pop festivals. The company aims to reduce the negative environmental impacts of regular nylon tents that mostly come from China and are usually left behind as waste when the festival is over, having been used only a single time in most cases. KarTents are easy to use, fully waterproof, and even safer in use than regular tents due to the higher temperature at which they catch fire. Customers can order a KarTent through event organizers upfront and the tent will be available for them when they arrive at the venue. Event organizers offer the tents to visitors at a price they seem fit and some of them provide the KarTent for free upon booking of festival tickets. The company is currently exploring ways in which the KarTents that are left behind by visitors can be recycled into new products to be used at festivals and is diversifying into other markets.

More at: <http://www.kartent.com>

Peerby & WijDelen

Why buy if you can borrow for free? This simple question guides Peerby & WijDelen, an online sharing platform that aims to enable people to make better use of resources. Whether it is a product for home improvement, moving, partying, or gardening, the mobile app allows people to scan their immediate environment for its availability. Sharing is done on a non-commercial basis and the platform is hence not meant for commercial renters. In addition to reducing waste, Peerby & WijDelen reconnects neighbors and creates a sense of community through sharing. The platform has experimented with a revenue model based on rental prices for pre-selected products and delivering them at home as well as a tailor-made insurance product for people that offer products online.



More at: www.peerby.com

De Wassende Maan

Being a biological-dynamic agricultural cooperative, De Wassende Maan grows vegetables that it sells through a network of nearly 50 take-away points on a subscription basis. Besides the facts that most vegetables are coming directly from the land, are locally produced, and organic, the model encourages people to cook with the season, increase the variation in people's eating patterns, and learn about new or forgotten vegetables. De Wassende Maan also operates a webshop, enabling customers to add products to the vegetable boxes that they pick up once a week or every two weeks. The concept leads to less waste, fair prices, crop diversity, and ensures that biological-dynamic farmers have a certain level of sales.



More at: www.dewassendemaan.be

Philips

Philips has pioneered the product as a service business model with its so-called pay-per-lux service. Rather than having its customers buy light armatures and light bulbs, Philips designs a light plan that fits their needs and helps them to substantially reduce energy consumption. While Philips retains ownership of the light plan and the physical installation, its customers only pay for the amount of light used. Being in its essence an energy optimization strategy, the company enables its customers to reduce both investments in and operating costs of lighting. In addition, Philips provides maintenance and service as part of the agreement and is able to recover materials when they are no longer needed. Through this model, the company reduces the need for producing new resources and is able to reuse product parts.

More at: www.philips.com



Spadel

Spadel is a producer and distributor of several well-known brands of natural mineral water and related soft drinks, including Spa and Bru. The family business is a regional player with strong local roots in its production and bottling locations. Adopting ambitious sustainability goals, Spadel has committed itself to carbon neutrality, using 100 per cent ingredients of natural origin, capturing water according to the highest ecological standards and with respect for biodiversity, developing products that encourage a healthy lifestyle, increasing hydration levels of with school-going children, and reducing litter as part of its sustainability strategy. The company recently revised its sustainability strategy to realize the goal of implementing a company-wide supported approach to sustainability.

More at: www.spadel.com



Durabrik

The family-owned company Durabrik is a pioneer in developing sustainable housing concepts and building. Its energy efficient housing concepts go well beyond legal requirements and the company now even builds energy-generating houses with tailor-made techniques. In addition, Durabrik developed a systems view on housing focusing on 'A Smart Home, in a Smart Neighborhood, on a Smart Location'. In this concept, the company not only takes into account natural light and energy-saving measures, but also the presence of composting zones and bike lanes. Taking a long-term perspective on sustainable building, Durabrik aims to develop housing concepts for generations to come. The company aims to realize its ambitions by engaging its employees through progressive HR policies.

More at: www.durabrik.be



Roltex

Erebodgem-based tray producer Roltex developed the Earth Tray, an ecological friendly tray that was designed following a cradle-to-cradle philosophy. The Earth Tray consists for 90 per cent of renewable materials, including 70 per cent FSC-certified cardboard and 20 per cent resin from plant remains. Its design enables the Earth Tray to be 30 to 50 per cent thinner than melamine trays. At the end of its lifecycle, the tray can be recycled through heat energy, feeding back the CO2 that was needed in its production process. Roltex also acquired SA 8000 certification ensuring decent working conditions in the company's supply chain.

More at: www.roltex.be



PaperFoam

The company PaperFoam is in the business of green packaging solutions for small electronics, cosmetics and accessories, medical supplies, and dryfoods. Lauded for their innovative designs, it uses bio-based and bio-degradable materials and patented injection molding technology to develop low carbon footprint packaging and pollution-free waste products that are home compostable. Through local sourcing of starch and fiber and the low-weight solutions it develops, the company is able to manage a low impact supply chain.

More at: www.paperfoam.com



FLOW2

Being a business-to-business sharing marketplace, FLOW2 enables the sharing of business assets both between organizations and within a single organization. By leveraging surplus capacity that is available in organizations, both in tangible and intangible assets, the company provides organizations to generate additional turnover and return on investment and to reduce operating costs by not having to purchase or invest in new equipment. In this way, the company invites its clients to become an integral part of the development towards a more circular economy and to experience the benefits of a culture of collaboration, connection, and tolerance at the same time.

More at: www.flow2.com



ENERGIRIS

Launched in 2014, ENERGIRIS is the first cooperative venture fund for sustainable energy in Brussels that has been founded by citizens. In order to spur the transition towards a more sustainable energy production and consumption system, the cooperative invests in the installation of solar panels, cogeneration, and the energy efficient renovation of publicly and privately owned buildings. ENERGIRIS functions as a vehicle for complementary financing in cases where banks have already granted a loan. In addition, it provides technical support for sustainable energy projects, both in the stages of design and exploitation.

More at: www.energiris.coop

The logo for ENERGIRIS, featuring the word "ENERGIRIS" in a bold, sans-serif font. The letters "E", "N", "E", "R", "G", "I", "R", and "S" are in black, while the letter "I" is in a light blue color. The logo is underlined with a thin blue line.

Repeat Roses

Repeat Roses is a for-profit company founded by a former wedding planner and event organizer that had problems with the practice of mindlessly throwing flower decorations away after parties and events. The company strives for giving briefly used flowers a second life by rearranging them in small bouquets for hospitals, nursing homes, and shelters. In this way, it recycles waste into valuable products and brings joy to people at the same time. When bouquets are replaced with new ones, the company takes back the old bouquets to a composting station, strengthening the company's stand against waste. The company charges a service-based fee for weddings and special events, which is customized based on the size of the floral volume.

More at: www.repeatroses.com

The logo for Repeat Roses, featuring the words "Repeat Roses" in a serif font. The word "Repeat" is in black, and "Roses" is in a light blue color. The logo is flanked by two decorative symbols: a circle with a cross inside on the left and a circle with a dot inside on the right.

Avantida

Focusing on the landside processes of container shipping lines, Avantida optimizes the use of empty equipment. Through a user-friendly web application that enables the communication between on-land transporting companies and ocean carriers or shipping agents, the company is able to match available capacity with transport requests. The Avantida application integrates several container compatibility checks, including matching container type and estimated time the container needs to leave the port. This solution reduces empty container transports to depots and optimizes administration. It provides transporters with lower costs and carriers with a new source of income.

More at: www.avantida.com

The logo for avantida, featuring the word "avantida" in a lowercase, sans-serif font. The letters "a", "v", "a", "n", "t", "i", "d", and "a" are in black, while the letter "i" is in a light green color.

DriveNow

DriveNow is an example of premium brands tapping into the sharing or access economy. Powered by BMW i, MINI and SIXT, DriveNow offers its customers flexible use of all BMW and MINI fleet models by picking up the car of their liking, using it as long as they want for a fixed price per kilometer, and leaving it again in any public parking within a designated business area rather than bringing it back to a depot. The company is built on a mobile car sharing app. Vehicles that are operated by DriveNow are regularly refueled, cleaned, and serviced and have the parking permits that make buying additional car parking tickets superfluous.

More at: www.drive-now.com

The logo for DriveNow, featuring a blue square icon with a white grid pattern to the left of the word "DriveNow" in a bold, sans-serif font. The word "Drive" is in black and "Now" is in a light blue color.

Part III.

Views on hybrid business models: A kaleidoscopic view

Looking through four lenses

The results from the interviews and focus groups on hybrid business models are presented through four lenses: Drivers, Barriers, Critical Success Factors, and Implications. Within each of these lenses, several thematic storylines have been identified, each including related findings. Since the findings for I-HBM and R-HBM seem to be different to a certain extent, it is indicated whether they particularly relate to I-HBM, to R-HBM, or to both.

In this way, the results presented here provide a kaleidoscopic view on the practice of hybrid business models that does both justice to the different types of hybrid business models and to the goal of generating more generic insights.

LENS 1: DRIVERS

The economic appeal of sustainability

I-HBM

R-HBM

To an increasing extent, it is recognized that the more sustainable option is also becoming the more economically viable option. Sometimes this is obvious – most of the times this requires creativity and a reframing of problems and solutions. As an undercurrent of economic life, there is a need to become more relevant from a societal perspective. This has to do with gaining legitimacy among a public that is becoming ever more sceptic. If a company wants to survive, it needs to show how it aligns its self-interest with that of stakeholders and broader society. Put differently, they need to make the sustainability case for their business, rather than the business case for sustainability.

Also, the development of hybrid business models reflects a latent rather than a manifest market demand. Companies innovate from an analysis of and envisioning how things can be better even though potential customers have settled for the existing option. With profit margins under pressure and the ongoing commodification of goods and services, companies are urged to become ever more efficient in their operations and make value more easily accessible – and sometimes sustainability is simply the consequence of that. This is reflected in hybrid business models that take abundance (e.g. unused goods, underexploited assets, unleveraged knowledge) as their starting points and propagate more efficient or smarter use of the value that is available. In several cases, no reference to sustainability is made by hybrid business models, even though they in effect strongly reduce negative ecological and social impacts.

Also, more traditional economic drivers appear to play a role in developing hybrid business models, including an identification of mid-term and long-term risks. Examples of these are the decreasing availability of natural resources and the possible effects of climate change on the functioning of supply chains. Another more traditional driver of adopting hybrid business models is the apparent economic need for companies to set themselves apart from the competition with sustainability as the main driver of this differentiation. It is thought that more radical interpretations of hybrid business models are better suited to attract and engage talent in the future.

Jumping the bandwagon

I-HBM

R-HBM

While the main drivers for developing R-HBM seem to lie elsewhere, joining the bandwagon is seen as a driver for developing I-HBM in particular. Incumbent companies not willing or able to pioneer in the field of sustainability gradually jump the bandwagon because of, for instance, peer pressure or a fear of missing out, even though they may not be able to see where these developments will lead them. Not joining the bandwagon may also lead the public to perceive them as irrelevant from both a business and a society perspective or even as industry dinosaurs that are already in decline and stuck in their old fashioned ways of thinking.

Challenging the system

I-HBM

R-HBM

An important driver for developing hybrid business models is the desire of companies – in particular certain people within companies and entrepreneurs – to challenge the system they perceive as inefficient, unfair, or essentially

bankrupt. Challenging the system then means not only to critically reflect on the assumptions that guide our current socio-economic system, but also imagining and presenting incremental or radical alternatives for this system and the way business operates in it.

These people generally hold a deeply felt sense of urgency and, driven by personal values, want ‘to make a difference’ by leveraging the power of business and entrepreneurship for delivering on society’s unmet needs. Traditional business models are seen by them as overly linear or one-dimensional and they simply take a stand against such models. In I-HBMs, these people may be labeled as social intrapreneurs, bricolaging and negotiating innovative solutions from within the system, while in R-HBMs they may be seen as social entrepreneurs that want to make a stand for or against a sustainability issue in an activist manner.

Creating smart solutions for wicked problems

I-HBM

R-HBM

Recognizing the interrelatedness of the problems of contemporary society, companies are taking a different perspective on their role in solving these problems. This may involve shifting the perspective from living in a resource constraint world to a world of abundance and finding value in for instance excess capacity or shifting the perspective from a congested city to alternative modes of transportation. Enabled by developments, notably in the field of internet technologies, including big data and the Internet of Things, companies are building hybrid business models through platformization connecting supply and demand as well as peers. In addition, companies are linking up with both supply chain partners and not-for-profit organizations to align goals and leverage their strengths to take on some of the most pressing sustainability challenges. It should be noted that since company boundaries are becoming more permeable, the proximity of stakeholders increases. While I-HBMs may be either passive or active in forging such joint efforts, R-HBM may be entirely designed based on joint, cross-sectoral interaction. Several, particularly small and medium-sized companies are actively looking to partner with not-for-profit organizations (ranging from high profiled non-governmental organizations to local activist groups) to create an attractive customer proposition and realize their purpose.

LENS 2: BARRIERS

It’s all in the mind

I-HBM

R-HBM

Perhaps the main barriers that were identified by most respondents related to the conservative mindset of people not only within organizations, but also within their supply chains, with their partners, and their clients or consumers. This behavioral barrier has various dimensions, including perceptions about buying used (e.g., recycled or refurbished) products, an emotional attachment to actually owning products rather than benefitting from their use, and a generic resistance to change when the current situation is still experienced as sufficiently comfortable. When sustainability is not the norm or still too much of a niche topic, people are simply hesitant to embrace the agenda. Importantly, awareness of the urgency of adopting hybrid business models and alternative modes of value creation does not seem to be high in the top of organizations. Many boardrooms do not appear to be very much in-sync with developments in the field of hybrid business models and are said to lack the capability to develop a different view on available assets and value creation and seem inapt to formulate a vision on new modes of value creation. An illustration of this is the perceived lack of understanding between larger companies that operate from traditional business models and start-ups that are built on more innovative business models. Interestingly, such psychological barriers are perceived to be strengthened by situations in which existing business models and profit margins are under pressure, hence making the development of hybrid business models even more difficult.

System failure

I-HBM

R-HBM

Related to the previous point and being at the heart of the subject of hybrid business models, there are many systemic barriers to the development of hybrid business models, both incremental and radical. These barriers relate to well known aspects of the current socio-economic and political system, being too short-term oriented, not being fit to recognize other types of value than economic value, neglecting so-called externalities or negative impacts that are the result of ingrained patterns of economic production and consumption, and encouraging organizations to rely on traditional performance indicators. Deeply held assumptions of what determines ‘success’ clearly hamper the development of hybrid business models. Traditional business models can be seen as a manifestation of this flawed system and may still be very comfortable from a short-term or even mid-term perspective. Other models of value

creation, especially those that are designed for creating non-financial value (both reducing negative sustainability impacts and increasing positive sustainability impacts), are deviant from the norm and added value to society is seen as trivial or even irrelevant from a functional perspective that stresses direct economic gains or cost reduction. With a couple of notable exceptions, investments in sustainability generally do not yield a sufficient or comparable return on investment from a short-term or even mid-term financial point of view. Consequently, sustainability-related arguments are oftentimes supporting or defensive rather than leading and offensive in markets.

Institutional inertia

I-HBM

R-HBM

The inertia that is apparent in several institutions may hinder the development of hybrid business models. For instance, incumbent companies that have over the years been investing in assets represent vested interests and are able to influence the course and rate of evolution in their sector. As a result, this means that the status quo is only changing incrementally. Usually, these companies are also well-embedded in political networks. From a legal perspective, barriers may include anti-trust laws that prohibit pre-competitive collaboration and partnering in the supply chain. In the sharing economy, for instance, multi-lateral asset-sharing requires novel legal arrangements that entrepreneurs are pioneering themselves rather than being able to refer to existing laws. Frontrunners in terms of hybrid business models are experiencing a sort of liability of innovativeness, not qualifying for certain subsidies or grants since they have already developed beyond an embryonic stage. Also, governments are exploring ways in which these new models of value creation should become subject to taxation rules, possibly leading to uncertainty for entrepreneurs. At the same time, examples of local regulatory innovations or authorities giving leeway to companies that are experiencing barriers in terms of rules and regulations are available, allowing for experimentation with hybrid business models.

It should be noted that this barrier has a cultural aspect as well, since there are only a small number of good Belgian examples when it comes to hybrid business models. Notwithstanding the well-known companies that have been lauded for convincingly embracing hybrid business models, the national business infrastructure may not be suited for cultivating innovative hybrid business models.

Banking on sustainability?

I-HBM

R-HBM

Although the experiences are mixed, the financial sector, notably banks and insurance companies, is largely viewed as a barrier in the development of hybrid business models. Especially the more radical hybrid business models do not fit the proverbial checklist used by financial sector institutions and banks are still dominantly looking to value creation from a one-dimensional economic and risk avoidance perspective. Risk or venture capital is hardly available and if banks are considering the financing of new ventures, they are said to demand too many warrants and tend to stress the risk profiles of hybrid business models rather than also taking into account societal impact (which, in the end, may well translate into economic opportunities and risks).

As a result, banks have not driven the sustainability agenda and currently do not have the activist mindset to change things for the better. People within banks that are in the business of sustainable innovation, are said to experience walls and a lack of experimental space, partly caused by a management orientation on traditional performance indicators.

On the other hand, companies that have integrated sustainability into their existing, usually more traditional, business models do see that banks value this and do not seem to experience many barriers when it comes to financing their hybrid business model. In fact, when sustainability is simply part of the business, this is viewed as a signal of quality, good governance, and proper management by banks. Still, this does not seem to translate into concrete benefits for these companies. The picture that in the end emerges is that the financial sector has been aloof for long, but is taking some steps to embrace the sustainability agenda and exploring its role as a facilitator or catalyst of societal change. The impression respondents have, is that, until now, companies operating hybrid business models have put the financial sector on a sustainability track rather than the other way around.

Complexity of concepts

I-HBM

R-HBM

The principles on which hybrid business models are being built (e.g., circularity, sharing, platformization) may be conceptually appealing, but there a lot of different interpretations and manifestations of these concepts in practice. Although initiatives have been taken to 'standardize' sustainability concepts, there are no norms for calling a business model circular or shared and different interpretations of these concepts are competing with each other. Moreover, the concepts of circularity (and adjacent concepts, such as closing the loop) are perceived as complex since they require

patterns of innovation that already start at the conception and design stages of products and thus involve the creation of alignment deep within the supply chain. As a result, interpretations of promising concepts in practice, such as the circular economy, are dominated by manifestations of their simplest levels, such as recycling.

It appears that many businesses are experiencing problems even in the early stages of exploring hybrid business models, let alone implementing them successfully. In addition, there is no blackbook available for implementing hybrid business models, leaving organizations (notably small and medium-sized enterprises) with their own interpretations, assumptions, knowledge, and resources in pioneering and pursuing them. Especially from the perspective of making existing business models more sustainable (I-HBMs), this complicates the process of engaging all employees and departments in the ambition. As another consequence, there is an apparent risk of companies reinventing the proverbial wheel when it comes to developing hybrid business models.

LENS 3: CRITICAL SUCCESS FACTORS

Sustainability across the board

I-HBM

A recurring factor that is critical for achieving success in particularly the development of I-HBMs is board engagement. This serves as a conditional factor in the sense that without it, paying attention to all other success factors is an exercise in vain. However, board engagement should exceed the formulation of visions, paying lipservice to sustainability, and the mere acceptance of working on a hybrid business model – it should also be reflected in doing in a way that goes beyond giving the example. On the one hand, this means providing space for experimenting with hybrid business models and the integration of sustainability on a strategic level. On the other hand, this has to do with board members (notably the CEO) being actively engaged in the development of hybrid business models and making this process part of long-term reflections about the role of the company in society. Such engagement may spur a culture of sustainability which is credible, which makes hybrid business models a conversational topic rather than a project, and which makes the development of hybrid business models more robust in situations of, for instance, mergers and acquisitions.

Also, taking sustainability across the board relates to the engagement of preferably all business disciplines from the start in developing hybrid business models, particularly including finance, human resources, and procurement. With regard to this latter discipline, developing hybrid business models is much more realistic when sustainable procurement takes place throughout the supply chain.

Inviting critical perspectives

I-HBM

R-HBM

Since the development of hybrid business models challenges traditional ways of value creation, it is important to invite critical perspectives to the initiative that confront and challenge the current business with new ideas and ignite constructive tension. People that are discontent with the status quo can provide valuable input and may help pushing the initiative forward. Younger generations in particular may have a role in the development of hybrid business models, since they attach less value to hierarchy and ownership. It is this challenging attitude that business needs to cultivate and which results in good energy and connectedness, which are important to stay in touch with the business as it is currently run and not to alienate too much from it. In order to maximize the challenging perspectives, diversity of the group of people involved is crucial. Also, it is important to encourage those people that want to change and focus energy on them, rather than paying too much attention to others that would resist such an evolution. It should be noted that this goes beyond inviting people from the own organization, but applies to partners from the supply chain and partners from other sectors equally well.

Related, it is also important to let the development of hybrid business models be championed by one person or a small group of people within an organization. These champions have a mandate to come up with innovative solutions, confront the existing business model with its flaws, and not let awareness of the reasons for developing hybrid business models wane. In constantly pushing the envelope by making strong statements that, for instance, reflect a company's core values or purpose, champions ignite further thinking about the business model. Making the champions as well as their successes – however small they may be – visible within the organization and show that they have broad support is very important. Also, these champions should always have a clear link to the boardroom and have direct connections to stakeholders.

DNA matters

I-HBM

R-HBM

When developing hybrid business models, it is important to bring the corporate DNA rightly into the picture. This DNA is a reflection of the identity, history, and purpose of the company, which urges to rethink assumptions about current modes of value creation. Becoming aware of or rediscovering the DNA of the company may even ignite a sense of activism that may be used for catalyzing change. Delving deeply into the reasons why a company exists in the first place may also spur the formulation of bigger, more ambitious goals, enable people to recognize that there may be better solutions within reach than the ones currently propagated, and encourage a sense of connectedness to the world outside. Striving for and communicating ambitious long-term goals that align with the reason for being of the company and that go well beyond economic objectives may help ‘talking hybrid business models into being’.

A related point concerns the power of storytelling. It is clear that, in order to become a reality, sustainability needs a good story – and hybrid business models can help harnessing these stories. Rather than being kidnapped by stories of doom (i.e., how unsustainable the world is in many respects), stories of sustainability need to be built on purpose, vision, and solutions. Through storytelling companies make their DNA accessible to stakeholders. People are susceptible to those kind of stories, since many of them recognize that the current socio-economic model is unable to take us forward. Hybrid business models may use the power of story to their advantage since they deviate from what is perceived as normal, oftentimes from an activist attitude of doing the right thing and doing things smarter. Storytelling goes beyond corporate communications and aims to integrate social and emotional elements in addition to functional benefits. For these reasons, the development of hybrid business models thrives on storytelling.

Building a gazebo

R-HBM

The development of hybrid business models requires room for experimentation. While integrating sustainability into existing business models inherently takes place ‘from within’, the development of more radical hybrid business models may preferably take place at an arm’s length distance from the existing company as were it a gazebo. The hybrid business model can then be resourced by the company and take advantage of relevant knowledge that is available, but is at the same time not restrained by the existing business model or the current way of thinking about value creation. This also allows for positioning the new initiative in the market, aligning it with relevant (sometimes niche) market segments that are more easily attracted to the new positioning than that of the company from which the hybrid business model originated.

LENS 4: IMPLICATIONS

Evolving skill sets

I-HBM

R-HBM

The development of hybrid business models requires a new skill set. While it is hard to define an exhaustive list of skills relevant in this context, it seems as though the skills associated with successful social intrapreneurs apply in this context as well (cf. Grayson, McLaren & Spitzbeck, 2014). Social intrapreneurs are generally characterized by a mindset that recognizes the interdependence of people and planet and that transcends an either/or type of thinking. They also are very entrepreneurial (e.g., opportunity-seeking, self-starting new initiatives), communicative in the sense that they are able to inspire, connect, and mobilize people, apt in partnering (both within the organization and with external partners), have a profound knowledge of the business the company is in, and an appetite for critical reflection. Above all, they are able to gain trust with lower and upper echelons within the company, persistent and willing to learn. These skills may be central to successfully developing hybrid business models.

Reconfiguring the value chain

I-HBM

R-HBM

One of the focal points of hybrid business models lies in re-conceptualizing and reconfiguring the supply chain. This may involve curtailing the supply chain by cutting out middlemen and relying on online platforms that function as market places. One of the consequences is that hybrid business models (especially R-HBMs) function as an orchestrator or architect of partnerships. These partnerships may be forged with a company’s long-time supply chain partners, but may also include not-for-profit organizations or other non-traditional partners from the social economy. In fact, the Sustainable Development Goals may well spur not-for-profit organizations to approach businesses in order to explore ways to align goals.

In their ambition to develop hybrid business models, large companies may choose to link up with innovative small and medium-sized enterprises that may function as incubators and together create ‘business ecologies of sustainability’ that serve as a learning context for developing hybrid business models for all parties involved.

Dealing with constraints

I-HBM

R-HBM

Developing hybrid business models is partly a matter of dealing with constraints. These constraints can be found in the resistance to change that people working on hybrid business models may encounter, since they take initiatives or pose solutions that break with business as usual. Resistance may for instance come from within the company (i.e., employees), from incumbents trying to protect their vested interests, and clients in the market that hybrid business models aim to serve. It is hence important to identify the sources and types of resistance to change and, consequently, finding the right levers to cope with these.

It may be expected that integrating sustainability into existing business models involves more constraints (e.g., in terms of dilemmas) than R-HBMs, since the latter is more uncompromizing while the former aims to infuse a new logic into an existing one. The development of hybrid value creation from more traditional business models may for instance involve severe fall-back risks, meaning that economic considerations may easily resurface as dominant. Several respondents have noted that innovating from within a company, and consequently dealing with all kinds of constraints, has proven more difficult than innovating from outside a company, for instance as a start-up.

Leadership in flux

I-HBM

R-HBM

Perceptions about what makes good leadership changes all the time – and from the perspective of developing hybrid business models, leadership may indeed need to evolve. This does not imply that a totally new conception of leaderships has to supplant current ones, but rather that several leadership qualities may be emphasized over others in the context of hybrid business models. From this research, a picture of leadership emerges that is above all inspiring, mobilizing, connective, activist, aspirational, impact-driven, holistic, visionary, imagining, challenging, and revolting – and yet vulnerable and servant. Taking into account that hybrid business models in their essence are about bridging rather than buffering against different institutional logics, these leadership qualities reflect a form of leadership that may perhaps be called ‘hybrid leadership’.

It should be noted that these leadership qualities do not only relate to leadership displayed by the CEO or at boardroom level, but also apply for leadership in other management echelons and by mandated individuals (e.g., social intrapreneurs). In other words, leadership in the context of hybrid business models is a form of distributed leadership. It has also been put forward in the research that the type of leadership that hybrid business models require relates to processes of personal transition of and ‘value innovation’ with key players within the company. This personal transition is about the development of a deep awareness of the interdependency of people, planet, and profit and the connectedness of society, organizations, and individuals. As such, it may in fact be a condition for achieving corporate transition.

Finance as a facilitator

I-HBM

R-HBM

Since the development of hybrid business models poses different challenges for financial institutions, notably rethinking conceptions of value and risk, they need to decide to what extent they want to adopt this type of thinking in their role as financiers. This may result in adjusting or revising their existing, usually traditional frameworks for evaluating requests for financing businesses and experimenting with new financial products that take into account characteristics of hybrid business models.

On the one hand, financial and non-financial value are two sides of the same coin and they are actually co-dependent: incorporating sustainability into investment decisions is simply a wise thing to do from an longer-term economic and risk perspective. One of the challenges in this regard is to explore to what extent the sustainability impact of businesses may become part of financing decisions.

On the other hand, and on a more profound level, financial institutions need to decide what they want their role to be in the transition from traditional modes of value creation to hybrid business models. They can take up an important role in spurring the transition towards a sustainable economy driven by hybrid business models and encouraging the

pioneers that are shaping the future of business rather than waiting for the developments to take place and taking a role as laggard. The financial infrastructure, it is perceived by many respondents in this research, is currently seen as reactive rather than leading the way.

From a different perspective, financial institutions may themselves decide to develop hybrid business models, including engaging in impact investing and social impact bonds, embracing developments such as crowdfunding and catalytic funding, and developing other, more experimental financial and insurance products that are tailored to the needs of new models of value creation. Also, banks may invest in the provision of supporting environments and services for start-up hybrid business models. Such initiatives would enable the financial sector to accelerate its contribution to realizing the global agenda put forward by the Sustainable Development Goals.

New roles for government

I-HBM

R-HBM

Since governments have a variety of roles to play in society, they are crucial for developing hybrid business models. However, beyond their well-known roles in spurring sustainability (as a regulator, buyer, and subsidizing party), there may be several new roles for governments to take up in this context. One of these is choosing for lowering taxes on labor and increasing taxes on resources, which is more or less the opposite of what is currently the norm. Also, considering (temporary) tax or regulatory breaks for companies that are able to demonstrate that they are substantially reducing their negative sustainability impacts and/or improving their positive sustainability impacts may become a viable option in the near future. Another example through which governments may encourage the development of hybrid business models is allowing for experiments on a local level, giving regulatory leeway to both innovative start-ups and existing businesses that aim to develop hybrid business models. Third, governments may take a role in identifying and showcasing hybrid business model best practice and encourage and enable other companies to learn from them. Currently, only a small number of best practices are available and it is unclear how more traditional businesses can learn from them in a structured way. Examples such as the Sociale Innovatie Fabriek represent cutting edge and cross-sector initiatives in this regard and may serve as a model that can be adopted more widely. This may be supplemented by public-private investment arrangements that governments co-create with financial institutions, sectoral organizations, and possibly even citizens.

Storyfying sustainability

I-HBM

R-HBM

From the observation that the development of hybrid business models is only in an embryonic stage, it is key for businesses to communicate about this new type of value creation to create awareness among their internal and external stakeholders alike. As a special form of communication, storytelling seems to be particularly suited for this purpose. Through storytelling, businesses that adopt hybrid business models can go beyond the mere communication of facts (e.g., sustainability impacts and risks, corporate social responsibility policies, ethical standards) that is now at the basis of providing transparency to stakeholders and that tends to 'isolate' sustainability from the business itself. In fact, using storytelling enables companies that develop hybrid business models to get across their purpose and allows for the mobilization of stakeholders by inviting them to envision and take up an active role in their initiative. Perhaps even more importantly, storytelling allows for a description of sustainability beyond functional benefits and that also emphasizes emotional and social benefits – sometimes without even mentioning the word sustainability at all. As such, storytelling aligns with the integrated nature of value that hybrid business models are pursuing.

New technologies, including augmented and virtual reality, the use of video, and using techniques such as crowdsourcing may be instrumental in creating and communicating such stories.



***A vision of hybrid business models:
An interview with Dr Wayne Visser***

Dr Wayne Visser is an international thought leader in the field of sustainable business. He has been on the forefront on developing ideas and vision about the role of business in society and integrated value creation and has written numerous books on the topic, including the widely praised bestseller ‘The age of responsibility: CSR 2.0 and the new DNA of business’.

What would be necessary for current business to radically overhaul its value creation processes towards truly sustainable business models?

“Current pressure points would need to become pain points. For example, resource (including carbon) pricing would need to change dramatically, driven by taxes, markets and stakeholder activism. And a few hedged bets would need to become jackpots. For example, a sustainable product or service in each sector would need to take off as a mega-market growth opportunity. In other words, the risks/costs and the rewards/revenues have to get much bigger.”

Do you believe more in the power of incumbents or in the development of start-ups when it comes to progress in sustainability?

“I believe in both. Incumbents can have immediate positive impacts and what they lack in ambition, they make up for in scale. Startups can have future impacts and what they lack in size, they make up for in breakthrough technologies and business models. In addition, successful startups shake-up incumbents and either get bought out or end up competing directly. In either case, the chances of transformation are higher. We see this happening in the car industry right now with the likes of Tesla.”

Do you think that the Sustainable Development Goals are an illustration of a new social contract between business and society being forged?

“Not directly. They do represent a bedding down of global norms, which business will strive to reflect. In the short-term, the SDGs will mainly affect sustainability reporting, rather than changing the strategic priorities of companies. However, as they filter through into policy drivers, they have the potential to accelerate sustainable business actions – and to reward those who are going ahead of the curve right now. They are also helping to change the narrative of business leaders by legitimizing sustainability.”

If we would be able to design business from scratch, what should the most important design principles be?

“I would say that integration and synergy should be fundamental design principles of any new business. This means being far more conscious about the interconnected impacts of the business on all six capitals (natural, social, human, intellectual, manufactured, and financial) and constantly asking the question, are we creating or destroying synergy. A business designed for integration and synergy would, for example, naturally support circular economy or industrial symbiosis approaches.”

Which companies lead the way when it comes to hybrid business models – and why?

“I think Tesla has been successful in experimenting and implementing several hybrid business models – by cutting out dealerships, by using premium products to scale affordable ones, by integrating sectors (automotive, finance, energy, building/architecture) and by turning products into revenue generating opportunities (e.g., Tesla car owners will be able to add their autonomous cars to a pool and be paid for ‘renting’ them out). It is a fusion of the 5-Ss of the integrated economy for creating a high-synergy society: safe, smart, shared, sustainable, and satisfying.”

Part IV.

Towards sustainability intelligence

Muddling through

In a way, the picture of hybrid business models that emerges from this report is equally inspiring and sobering. Hybrid business models may be seen as a heterogeneous concept that paves a way forward to a future in which business fully and unhesitantly embraces an agenda for a better world as illustrated by the Sustainable Development Goals. As such, it provides an appealing vision of value and value creation, to be taken up by both companies that choose to integrate sustainability into their current business models (I-HBMs) and companies that are purposely being built on radically new models of value creation aimed at integrated value (R-HBMs).

At the same time, hybrid business models, especially the more innovative interpretations of them, are in an early maturity phase and are far from being the norm for business. It may be called an inconvenient truth, but it is the current reality of sustainable business. Hybrid business models represent innovative ways of looking at what a business is, their role in society, and the definition of business success. Companies that are embracing such models of integrated value creation are experimenting with business logics that deviate from business as usual and urge to rethink what is normal, possible, and effective at the same time. They are manifestations of a deeply felt urgency of challenging a socio-economic system that has served many people well, but which has obviously reached its limits. They represent attempts to

rewrite the social contract between business and society. All people interviewed were obviously enthusiastic about hybrid business models and recognized the necessity of pursuing them in order to spur the transition towards a more sustainable society. Although they recognized the increasingly strong undercurrent from which hybrid business models are sprouting, these same people were rather reluctant to acknowledge that hybrid business models will be the norm for business even 10 years from now. At the same time, most of them felt that all hybrid business models provide a necessary source of inspiration for business to become truly sustainable.

Naive, native, and narrative intelligence

The picture of hybrid business models hence is a picture of muddling through – persistently going forward and challenging institutions and ideologies in a sense of optimism and from a consciousness of business being the main force for the societal change that is so desperately needed.

In the end, one may ask what is needed for hybrid business models to become the norm. While several answers to that question are possible, the answer to that question in this report would be: the development of sustainability intelligence. In fact, it is thought that the findings from this report point in the direction of three types or components of sustainability intelligence: naive intelligence, native intelligence, and narrative intelligence.

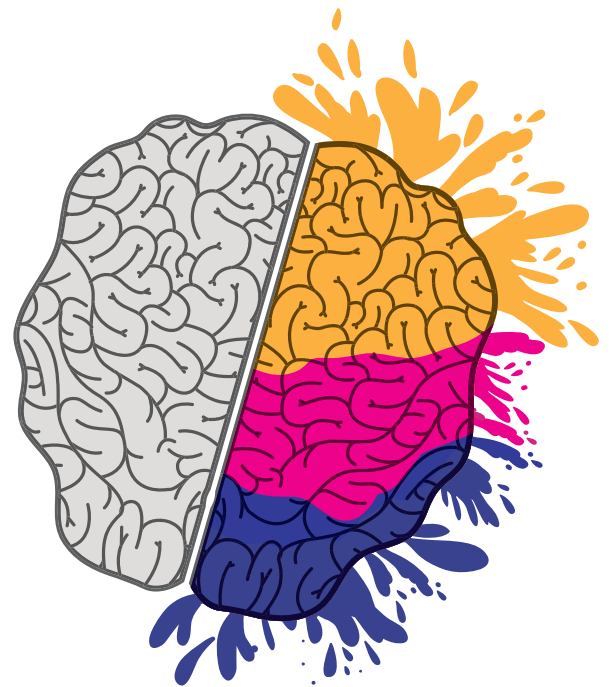
Naive intelligence:

Companies need naive intelligence to escape the pathways formed by traditional business models and to envision hybrid business models. They should hence embrace rather than reject a certain level of naivety to avoid the systemic and cognitive lock-in created by dominant economic logic. Naivety includes a freshness, an openness, and an intuitiveness towards ideas that may shape a future that can be, rather than a future that is simply a replication, projection, or extrapolation of the past. Naive intelligence may build on a mindset of exploration and entrepreneurship to challenge ingrained conceptions of the role of business in society and sustainability. It should however not be mistaken for ignorance, as it actually allows for learning, exploring the unknown, and the generation of new visions. Naive intelligence is not so much an uninformed mode of intelligence, but reflects a certain level of healthy and deliberate unprejudiced appreciation of old and new ideas that cultivates the adaptive capacity companies need in a VUCA world.

Native intelligence:

A first aspect of native intelligence relates to the recognition of the role of human behavior, as a result of current mindsets and ingrained assumptions, in developing hybrid business models. As there are several built-in barriers towards sustainability in the human psychology (e.g., a focus on self-interest, short-termism, and status), companies need to understand the evolutionary roots of human behavior and their role in decision-making processes within the company and within its networks and markets.

Recognizing this may enable companies to work with behavioral barriers rather than be constrained by them. Native intelligence then means that companies not only are aware of the psychological limitations of humans in developing sustainable patterns of behavior, but also have the ability to turn these limitations into opportunities by learning to work with them in their quest for developing hybrid business models. This also includes extending the emphasis on functional benefits of sustainability to emotional and social benefits. In addition, native intelligence also refers to an orientation on increasingly local value creation processes. In the context of hybrid business models, this may imply that companies focus on local networks to develop closed-loop solutions, enable customers to re-identify themselves with the products they buy or producers they buy their products from by cutting out middlemen, and tap into grassroots and citizen-led initiatives.



Narrative intelligence:

Narrative intelligence is more than simply being open and able to translate and transfer experience into and through stories respectively. Narrative intelligence is fundamentally about sensemaking, about exploring and experimenting with possible futures, and demonstrating inspirational leadership that mobilizes people. As such, it goes well beyond the art of storytelling. Through a co-creation process with their stakeholders, it enables firms that want to develop hybrid business models to create shared meaning on the interface of business and society. Whereas the norm in storytelling may be called story-yelling, narrative intelligence actually cultivates storycrafting: developing stories that challenge both companies' own status quo as well as that of society and paint their idea of a future that breaks with current directions that business and society are developing into. It is this desired future that then becomes the compass for corporate decision-making, developing hybrid business models, and redesigning the social contract between business and society.

The findings in this report pay testimony to the need for cultivating these three components of sustainability intelligence throughout the business landscape – within companies, their supply chains, business partners, and stakeholder networks – as well as in educational institutions that aim to develop the type of business and business leaders that society needs. It is only through sustainability intelligence that business will be able to really break the curses of sustainable business and become truly sustainable.

As a complementary in-depth reflection on the role of business in sustainable development and the importance of developing sustainability intelligence, the academic paper 'Reflections on 'true' business sustainability: Challenging definitions, recognizing couplings, developing intelligence' was prepared by Dr Lars Moratis and Dr Frans Melissen.

>Click here



Questions to challenge your thinking (and your company's)

Do you want to spur your thinking on hybrid business models?

Ask yourself the following questions.

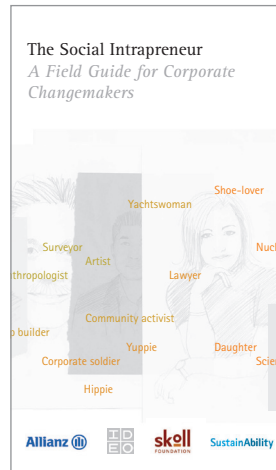
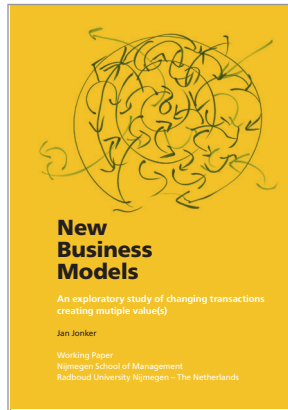
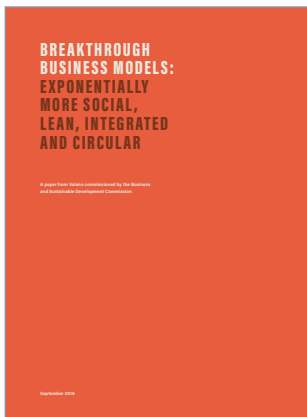
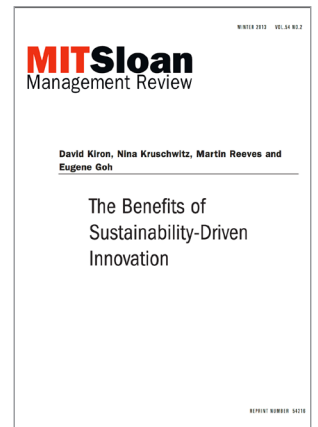
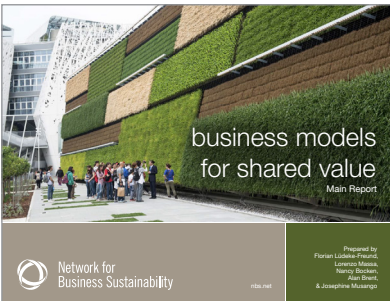
- To what extent is my company guided by the ambition to truly integrate sustainability?
- What would my company do different when it would have been driven by sustainability?
- What is the benchmark company in terms of sustainability in my sector doing differently than us?
- What is my company's goal of making a profit?
- Is society better off with or without my company?
- Does the sustainability leader in my sector have better odds at long-term survival than my company?
- What is the legacy that I and my company want to leave?
- Does my company benefit or compromise the wellbeing of future generations?
- What would the biggest positive difference in society be that my company can make?
- To what extent is my company currently creating integrated value?
- What are the types of value that are being destroyed in the process of value creation by my company?
- How innovative is the business model that my company is currently based on?
- What would a disruptive business model in my sector look like?
- Is my company more like a dinosaur in the sector or is it an innovative frontrunner?
- What sustainability problems does my company exacerbate?
- What are the sustainability challenges that my company be able to help solving?
- How can my company serve the needs of society?
- Where is my company currently making a positive difference?
- If I would be able to start my company from scratch, what would it look like?
- How can my company tap into the sharing economy?
- Is it possible to redesign the products my company in a way that it creates no waste?
- Can I envision the products of my company as a service?
- What would be the main trigger for my company to fully embrace the sustainability agenda?

References

- Antwerp Management School (2016). Connecting the dots: Towards integrated value (CSR Trend Report 2016). Antwerp: Antwerp Management School.
- Bain & Company (2017). Achieving breakthrough results in sustainability. London: Bain & Company • Grayson, D., McLaren, M. & Spitzeck, H. (2011). Social Intrapreneurism and all that Jazz – How business innovators are helping to build a more sustainable world. Sheffield: Greenleaf.
- ISEAL & WWF (2017). SDGs mean business: How credible standards can help companies deliver the 2030 agenda. Gland: WWF.
- Kiron, D., Kruschwitz, N., Reeves, M. & Goh, E. (2013). The benefits of sustainability-driven innovation. MIT Sloan Management Review, 54(2): 69-73.
- Melissen, F. (2016). 4th generation sustainable business models. Breda: NHTV. Miller, K. & Serafeim, G. (2015). Chief sustainability officers: Who are they and what do they do? In: Henderson, R., Gulati, R. & Tushman, M. (eds.): Leading sustainable change: An organizational perspective (pp. 196-221). Oxford: Oxford University Press.
- MVO Nederland (2015). Nationale MVO-monitor 2015. Utrecht: MVO Nederland.
- Lüdeke-Freund, F., Massa, L., Bocken, N., Brent, A. & Musango, J. (2016). Business models for shared value. Cape Town: Network for Business Sustainability South Africa.
- Osterwalder, A. & Pigneur, Y. (2010). Business model generation. New Jersey: John Wiley & Sons.
- Porter, M. & Kramer, M. (2011). Creating shared value: How to reinvent capitalism – and unleash a new wave of innovation and growth. Harvard Business Review, 89(1/2): 62-77.
- SustainAbility (2014). Model behavior: 20 business model innovations for sustainability. London: SustainAbility.
- Van de Ven, A. (2007). Engaged scholarship: A guide for organizational and social research. Oxford: Oxford University Press.
- Visser, W. (2011). The age of responsibility: CSR 2.0 and the new DNA of business. London: Wiley.
- Volans (2016). Breakthrough business models: Exponentially more social, lean, integrated and circular. London: Business and Sustainable Development Commission.
- Zott, C. & Amit, R. (2010). Designing your future business model: An activity system perspective. Long Range Planning, 43(2/3): 216-226.

Library

There are several reports that provide additional information and inspiration on hybrid business models. You can download them by simply clicking on them.



Annex: Interviews and focus groups

Geanne van Arkel (Interface)
Alex van Breedam (TRI-VIZOR)
Saartje Boutsen (JBC)
Joost Callens (Durabrik)
Luc de Clerck (Avantida)
Pieter van de Glind (ShareNL)
Caroline Godts (Sociale Innovatie Fabriek)
Mihela Hladin (Patagonia)
Lieke van Kerkhoven (FLOOW2)
Luc van Liedekerke (Universiteit Antwerpen)
Patrick Leysen (Parcify)

Didier Pierre (PMC Holding)
Michel Schuurmans (MVO Nederland)
Ann Vandenhende (Spadel)
Greet Vanderheyden (Alpro)
Wayne Visser (Cambridge Institute for Sustainable Leadership)
Michael Wagemans (i-propeller)

Focus group 'VOKA' (February 3, 2017)
Focus group 'CSR Trends' (February 17, 2017)

Get in touch!

Want to get in touch with the Knowledge Community Corporate Responsibility? Want to share your ideas on Hybrid Business Models? Interested in becoming a partner of the Knowledge Community Corporate Responsibility? Contact manager Eva Geluk (eva.geluk@ams.ac.be) or academic director Dr Lars Moratis (lars.moratis@ams.ac.be).

About the Knowledge Community Corporate Responsibility

It is in our vision to be thought leader and provide early trend detection in the field of corporate (social) responsibility and sustainability issues. We do this through co-creation between academia, business and research- and knowledge partners.

We focus on co-creation of knowledge through applied research activities, development of diagnostic tools such as scans and other initiatives such as strategy reviews and case study development.

This in turn translates into educational initiatives such as labs and masterclasses and finally into in-house educational and guidance projects.

Examples of our work include applied research such as the CSR Trends report, sustainability reviews translating into teaching cases, developing the AMS responsible management education approach and CSR Vitamins seminars. Research lines focus on, amongst others on, sustainable business modelling, responsible management education, social intrapreneurship and CSR management development.