

*In today's world, where climate change and social responsibility are becoming increasingly important, many businesses are recognizing the need for sustainable business models.*

*Creating synergy between social, ecological, and economic sustainability is vital for building a sustainable future. By creating a sustainable business model framework and adopting sustainable business practices, companies can contribute to all three aspects of sustainability and set themselves up for long-term economic success.*

*If you're interested in learning more about how creating synergy with a sustainable business model framework can benefit your organization, keep reading!*

This research is the result of a collaboration between 'The Next Organization', the 'University of Twente', the 'University of Wageningen' and the 'University of Utrecht' in the field of sustainable, inclusive and collaborative business models.

# Unlocking the Power of Synergy

## Building a thriving Sustainable Business Model





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## 1

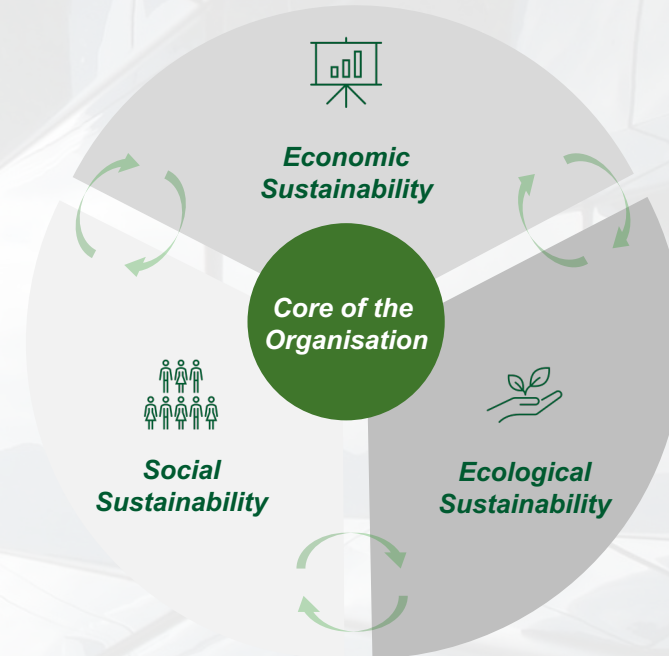
## *What seems to be the fundamentals to make a Business Model a Sustainable Business Model*

***A sustainable business model is a business model that aims to create long-term value by balancing economic, social, and environmental considerations.***

The goal of a sustainable business model is to operate in a way that meets the needs of the present without compromising the ability of future generations to meet their own needs.

A sustainable business model considers the impact of the organization's activities on the environment, society, and economy, and strives to minimize negative impacts while maximizing positive impacts. It involves a comprehensive approach to sustainability, including reducing greenhouse gas emissions, conserving natural resources, supporting local communities, and promoting social justice.

Implementing a sustainable business model requires finding the synergy between social, ecological and economic sustainability and a commitment to transparency, accountability, and continuous improvement. It involves engaging with stakeholders, setting measurable goals, and regularly assessing performance to ensure that the business is operating in a sustainable and responsible manner.





## 2 *The Relevance of Creating a Sustainable Business Model*

*Why is a sustainable business model essential for companies that want to thrive in today's world and create a future-proof business?*

Here are some of the key reasons why a sustainable business model is important:

### **1. Risk management**

Sustainable business practices help to minimize risks associated with environmental, social, and governance (ESG) issues. Companies that prioritize sustainability are better equipped to manage risks such as climate change, resource scarcity, and social unrest, which can impact their operations and reputation.

### **2. Cost savings**

Adopting sustainable practices can also result in significant cost savings for businesses. For example, by reducing waste and energy consumption, companies can lower their operating costs and improve their bottom line.

### **3. Competitive advantage**

A sustainable business model can also give companies a competitive advantage. Consumers are increasingly demanding sustainable products and services, and companies that can meet this demand are more likely to attract and retain customers.

### **4. Brand reputation**

A sustainable business model can also enhance a company's brand reputation. By demonstrating a commitment to sustainability, companies can build trust with stakeholders and improve their overall reputation.

### **5. Future-proofing**

A sustainable business model is also important for future-proofing a company. By taking a long-term approach to business, companies can ensure that they are well-positioned to meet the challenges of a rapidly changing world.

Overall, a sustainable business model seems a precondition for companies that want to create long-term value for their stakeholders while minimizing their impact on the environment and society.



### 3 Key to Transform the Business Model

*The most important aspect to transform and implementing sustainability initiatives is to create synergy between social, environmental, and economic impact.*

This means that the initiatives should not only aim to have a positive impact on the environment, but also on society and therewith the economic growth of the organisation. An example of such an initiative is the use of sustainable materials in production processes, which can improve both the ecological and economic impact of the organization.

It is also important to realise that sustainability is a continuous process and that organisations need to keep developing and improving in this area. Through regular evaluation and monitoring, an organisation can continuously optimise its sustainability initiatives and increase the added value for the organisation.

Identifying the impact of social and environmental elements on economic sustainability is essential to create synergy between these three.

The impact of social and ecological sustainability on economic sustainability of the organisation can be seen in four focus areas of the organization business model:

- **Customer impact:** which refers to the effects on customers.
- **Stakeholder impact:** which includes the effects on partners and other stakeholders
- **Product and/or Service impact:** which refers to the effects on the organization's products and services
- **Organisational impact:** which includes the effects on its internal processes and systems

By integrating social and ecological sustainability into their business model and focusing on these key elements and focus areas, organizations can create a positive impact on ecosystem and society, while also improving their own sustainability and long-term success.



# 4

## Elements of Ecological Sustainability

**Ecological sustainability concerns keeping nature intact and improving biodiversity, by providing environmentally friendly products and services in an environmentally friendly way.**

To adhere to the ecosystem boundaries careful consideration of the pressure we exert on the ecosystem is required. What are the resources we extract from the system? What percentage is returned as waste, and what can be reduced, reused, and recycled? At any given time, the extraction of resources should not exceed the capacity of the ecosystems.

There are four dimensions that contribute to the impact of ecological sustainability, and each dimension includes specific elements.

The elements of each dimension are as follows:

- **Resource use**

This element focuses on the extraction of natural resources and how it impacts the environment. Organisations need to consider the amount of resources they use, the alternatives available, and how to design products to reduce resource consumption.

- **Energy systems**

This element considers the energy sources used by an organisation and the impact it has on the environment. Energy use reduction, energy efficiency, and the use of renewable energy sources are important factors to consider.

- **Biodiversity**

This element focuses on the variety of living organisms in a particular ecosystem. It is important for organisations to consider how their activities impact biodiversity, and to implement measures to conserve and improve it.

- **Pollution**

This element considers the release of pollutants into the environment and the impact it has on ecosystems. It is important for organisations to manage waste effectively and reduce pollution by minimizing the sources of CO2 and Nitrogen emissions.



## 4.1 *Impact of Ecological Sustainability on the Economic Areas of the Organisation*

### ***Impact on Consumers***

**The dimensions of resource use, energy systems, biodiversity, and pollution impact the consumers. The elements of relevance are product design, energy use, ecosystem diversity, emission, and waste management.**

The consumers are the user base of the organisation. The design of products and the way they use them impacts their day-to-day life. Responsible energy consumption and a transition to renewable energy can impact the consumer's energy costs and fungate as an inspiration to their transition to renewable energy.

The actions of the organisation and extraction of resources impact the ecosystem and urban area consumers find themselves. Finally, pollution, emissions, and waste management, directly and indirectly, impact the consumer's health.



*Decrease of customer energy costs, inspiration for transition and increase in consumer's health leads to increased collaboration, brand recognition, and potential profit.*

### ***Impact on Stakeholders***

**The elements emission, waste management, energy use, and resource depletion, impact the stakeholder level.**

Several examples are the emission and waste management of partners, which directly impact the environment in which they operate. However, also depletion of resources and the effort that is put into combatting further depletion are variables to consider.

Stakeholders that actively reduce their impact on or ameliorate their benefits to the ecosystems in which they operate are preferred over less sustainable alternatives. In a transition to more sustainable practices, business organisations must consider partners that prioritise ecological sustainability.



*Actively reducing in collaboration with stakeholders impact on the ecosystem results in preferred partner and cost reduction*



## 4.1 *Impact of Ecological Sustainability on the Economic Areas of the Organisation*

### ***Impact on Product and/or Service***

**The elements that impact the product and service related to ecological sustainability are resource scarcity, resource alternatives, energy efficiency, renewable energy, and product design.**

The organisation is responsible for the products it produces, distributes, and processes throughout its life cycle. Increasing the ecological sustainability related to resources and products translates to products that are more durable, reusable, recyclable and produced sustainably.

The use of renewable energy is also crucial for lowering environmental impact. Moreover, companies should apply circular economy thinking to preserve resources. This could mean that a business offer repair and take-back services. Furthermore, hazardous waste should be eliminated.



*Increasing the durability of products and the usage of renewable energy can lead to decrease of waste and costs, increase in reputation and acquire new customers*

### ***Impact on Organisation***

**The elements of resource alternatives, renewable energy, ecosystem conservation, and emission impact the organisation level.**

The organisation level focuses on the inward aspects of the organisation. The decrease in emissions, subsequent conservation of ecosystems, and a transition to more renewable energy sources have several positive impacts on the organisation.

Although the transition to renewables and alternatives is not always the cheapest option, the transition is in line with future national and international regulations. Therefore, it is a necessity. Good practices in line with ecological sustainability such as renewables and responsible resource use positively influence the organisation its reputation and image.



*An increased reputation can lead to the acquisition of new partners, prospects, workers, and overall sales, possibly offsetting the initial expenditures.*



## 5 Elements of Social Sustainability

***Social sustainability is about the social wellbeing of people and the added value the organisation contributes to this. Social wellbeing includes affability, commitment and vitality, both at the level of society at large and towards customers, partners and employees.***

The positive impact of social sustainability for the organisation includes unlocking potential partners and markets, ameliorating the firm's reputation, transparency and increasing the morale of the workforce. Organisations focussing on social sustainability consider the impact their actions have on the people.

There are five dimensions that contribute to the impact of social sustainability, and each dimension includes specific elements. The five dimensions are community cohesion, ethical behavior, employment, health and safety, and product responsibility. The elements of each dimension are as follows:

- *Community cohesion*  
community relations, community involvement, consumer interests, and corporate citizenship
- *Ethical behavior*  
human rights, anti-competitive behavior, and transparency (including anti-corruption and bribery)

- *Employment*  
training and education, inclusivity, and fair labor practices
- *Health and safety*  
good health and well-being, incident prevention, and health promotion services
- *Product responsibility*  
production patterns, supplier standards, and product safety, impact, and quality.

These elements help organizations to consider the impact of their actions on the people and communities they serve.



## 5.1 *Impact of Social Sustainability on the Economic Areas of the Organisation*

### ***Impact on Consumers***

The elements that have an impact on consumers and the community are **community cohesion, community relations, organisational involvement, consumer interests, corporate citizenship, customer health and safety, and customer responsibility.**

Organisations can become involved with the community and its consumers in a variety of ways. Examples include voluntary work, access to facilities and goods, and community partnerships.

Impacting and building a relationship with the community leads to an increase in social capital. Social capital, like financial capital, is fluent and represents shared meaning and trust between the community and the company.



*Increased social capital leads to increased collaboration, brand recognition, and potential profit.*

### ***Impact on Stakeholders***

The elements that have an impact on the selection and acquisition of stakeholders are related to ethical behaviour.

Elements consider documents such as anti-corruption, anti-extortion, and anti-bribery, as well as, human rights, and codes of conduct, across the entire supply chain. Increasing your social sustainability on the partner level, therefore, is predominantly related to transparency and reporting structures.

Ethical behaviour is the good practice of the organisation. Ethical behaviour can be established by following international guidelines, increased transparency, and intra-organisational policies. *Active monitoring, policies, and reporting on these ethical behavioural elements reduce the likelihood of unethical behaviour.*

Human rights must be warranted throughout the operation. In most western countries rules and regulations concerning human rights apply and are adhered to.



*Externally, poor human rights management results in increased imbalance, unskilled workers, and poverty. Internally, the company may face legal action.*



## 5.1 *Impact of Social Sustainability on the Economic Areas of the Organisation*

### ***Impact on Product and/or Service***

**The elements considered are organizational responsibility, community sharing and health and safety.**

The social sustainability elements related to the product or service level are related to product responsibility. Product responsibility considers both the manufacturing of products and the services and the processes involved. Therefore, the organisation is responsible for the community health and safety impacts related to the product.

The organisation can report and track the effects of the product and services to gauge their positive and negative impacts on the community. Based on the number of incidents or perceived impact, the organisation can ameliorate its products and services, and tailor them towards the community. The organisation can make an impact on the product and service, and the customer health and safety within the development and research phases, auditing, and monitoring post application.



*Improved customer health and safety leads to increased collaboration, brand recognition, and potential profit.*

### ***Impact on Organisation***

**The elements considered are employment, health and safety, and stakeholder participation.**

Employment within the organisation is concerned with fair labour practices, compulsory labour, working hours, as well as inclusivity. The practices related to fair labour are hiring, retaining, recruiting, and labour conditions. Ameliorating the employment elements leads to an attractive organisation for employees and potential partners. The improvement of inclusivity and reduction of discrimination ameliorates equal opportunities for all groups.

Stakeholder participation is crucial to effective CSR. Proper stakeholder management ties the strategy of an organisation to its social and ethical endeavours.

Health and safety are represented by the measures towards the health and safety of the employees and the prevention of incidents.



*Improved inclusivity positions the organisation as an attractive partner and employer. And a healthy and safe workplace increases satisfaction and reduces absenteeism.*



## 6 Roadmap for a sustainable business model

***There are four steps towards a sustainable business model crucial for companies that want to integrate sustainability into their core values and operations. Strategic re-calibration, implementation and transformation, partnerships and expansion, and communication and strategy optimization are interrelated and build upon one another.***

By following these steps, companies can create a framework for sustainable business practices:

- In the first step, strategic re-calibration, companies must align their sustainability and business strategies. This requires buy-in from top management and the establishment of a clear vision and direction for the organization.
- The second step, implementation and transformation, involves the creation of a task force or team that identifies sustainability opportunities and enacts measures to increase awareness among employees. This step allows for tailored actions to be taken towards individual metrics.
- Partnerships and expansion are the third step. By seeking partnerships with other organizations, companies can learn from others and work towards shared sustainability goals that transcend their individual motives. This step allows for a more efficient approach to sustainability practices and contributes to societal efforts related to sustainability.
- Finally, communication and strategy optimization are crucial. Effective communication regarding sustainability can attract customers, find new partners, and strengthen the resolve of other sustainability proponents. Transparent operations and adherence to guidelines give confidence that the organization goes beyond greenwashing. Continuous optimization of strategy is necessary to realize national and international sustainability ambitions.

These four steps are critical for companies that want to integrate sustainability into their core values and operations. Companies that successfully implement these steps can create a framework for sustainable business practices that benefit both the environment and society.



***In conclusion, creating synergy between social, ecological and economic elements is crucial for the actual fulfilment and implementation of sustainability of an organization.***

By integrating both social and ecological sustainability, organizations can create long-term economic benefits through increased efficiency, reduced waste and costs, and improved reputation and customer loyalty.

The four practical steps towards a sustainable business model, including strategic re-calibration, implementation and transformation, partnerships and expansion, and communication and continued optimization, provide a framework for organizations to achieve sustainability goals. By taking these steps, organizations can create a sustainable business model that benefits both society and the environment, while also achieving long-term economic success.

***Curious about how your organization can incorporate and synergize the three aspects of sustainability within the business model for growth, how to solidify your organization its future, and position yourself at the forefront of impending regulatory changes?***

***Please [contact](#) The Next Organization and we will help you to determine The Next Steps for your organization.***







**Do you wish**  
to *discuss* how you can improve  
the performance of  
***your organization***



The Next Organization is a results-driven, internationally-operating consultancy specialised in improving the commercial performance of organisations.



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