

## Sustainable Innovation 2010

### Sustainability and the Role of Innovation: a Shipowner's View

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As a world wide service provider in transport, heavy lift, salvage and towing services, SMIT pursues sustainability in all its market segments. The need for sustainability is sourced in the global business drivers (world population and trade, energy demand and sources, climate change) influencing SMIT's status quo. Subsequent developments in the general environment (authorities, environmental awareness) and the task environment (Clients, suppliers) triggered SMIT to review its activities with regards to value creation. To anticipate on business opportunities resulting from changes in the business environment, SMIT's business model is focused on making optimum use of its assets and simultaneously improve business practices.

#### **SMIT's Business Model**

The business model is a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network. In the business model of SMIT, three themes are mainly apparent which enhance the value creation potential by determining the focus and application of the underlying business model components. The first theme is complementarities, which emphasizes the bundling of goods, activities, resources, or technologies. The second theme is novelty, which emphasizes innovation. The influence of both themes will be explained below. A third theme, which emphasizes efficiency, is also practiced. This has resulted in improved inventory management and faster transaction processing and order fulfillment.

#### **From Business Model to Business Practice**

In order for SMIT to anticipate on business opportunities, thereby utilizing its assets to their greatest potential, two activities play a vital role. The first activity, in line with the focus on complementarities, is Business Development. Business Development is of utmost importance to (successfully) assess business opportunities as a consequence of, for example:

increasing environmental awareness (triggering ship wreck oil recovery)

depleting conventional energy sources (triggering the use of offshore wind energy or extraction from environmental sensitive areas),

changing port authority policies to accommodate growth and sustainable development (triggering a need for 'greener services')

And, as such, combine these opportunities with SMIT's technological capabilities and assets in order to create value for the stakeholders.

The second activity is Innovation and Development (I&D), which is in line with the novelty theme of SMIT's business model. Innovation and development activities are vital in order to guarantee the (strategic) fit between SMIT's assets and business opportunities. For example, to be able to serve a new market in which environmental awareness prevails, sustainable and green services need to be deployed. If current assets do not meet the expectations or requirements in the new market (assuming it has a high value creation potential), new ways of doing business have to be developed, thus creating a need for I&D.

#### **Sustainable Innovation**

Research shows that the sustainability of a business model depends on how successful the firm can adapt to its general and task environment. Innovation plays a key role in this process, and innovation is found to be sustainable only when it is able to anticipate on the client's continuously changing needs. Whilst many companies pursue closed innovation (in-house product development), this might not always be the right track in order to support sustainable innovation. Reasons to believe so are time-to-market and fit-to-market issues, which can decrease the value creation potential of the considered business opportunity. The paper describes the importance *and* application of sustainable innovation at SMIT, as well as the

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vital role of entrepreneurship and technology. This is exemplified by case studies, in which real life projects, product development and open innovation are represented.