

Green Business Model Innovation

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Some companies develop new technologies that are transformed into new products or services such as windmills, solar panels and electrical cars. These companies are today considered cleantech or greentech companies since whatever it is they provide is based on the development of new technology. And new technology is definitely a source of new innovations that can help us fight the global environmental challenges we all face and transform the products and services that companies offer into becoming greener and more environmentally sustainable.

However, companies that are not cleantech or greentech can also become greener by changing the way they currently do business through green business model innovation. These companies are turning the global challenges into opportunities with economic potential, doing good for their business, their employees, their customers as well as the environment. And in theory, any company can do it.

So what exactly is green business model innovation? That is what our work has centred on in the last few years. Broadly speaking, green business model innovation can be described as companies that change a part of their business model with the aim of capturing economic value as well as reducing their environmental footprint throughout the entire value chain. There are several ways in which companies can work with green business model innovation. We have looked at two main business models: lifecycle models and incentive models. Lifecycle models include cradle-to-cradle, take-back management, green supply chain management, and industrial symbiosis, while incentive models include functional sales and performance based models such as Energy Saving Companies (ESCOs), Chemical Management Systems (CMS), and Design, Build, Finance and Operate (DBFO).

Many of these selected models can be implemented in a range of different sectors such as transport, service, agriculture, construction, textiles, furniture etc.

By interviewing companies in the Nordic countries, Europe and the US our study seeks to uncover next practice – how do these companies go about transforming their business models into greener ones. We are looking at which barriers must be overcome in order to work with green business model innovation and where in the value chain the companies are making the transformations.

By understanding how green business model innovation takes place, it will be possible to evaluate where governments can play a role in assisting companies' transformation and where they must manage on their own. Our work will therefore also play an important role in disseminating lessons from the front-runner companies so other companies can learn from them and fight the global challenges through green business model innovation.