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SUSTAINABLE BUSINESS MODELS OF B CORPS:
THE CASE OF D’ORICA

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INTRODUCTION

The classical role of business is to maximize profits and shareholder returns, as companies are perceived as mere economic agents. The orthodox market logic emphasizes profit maximization, efficiency, and operational effectiveness. This is indeed a view considering that environmental or social performance is put in a trade-off with economic performance and competitiveness. But nowadays this perspective is shifting.

The social movements and ideologies that characterized the last century, such as feminism, environmentalism, and globalization, have involved millions of people and dozens of leaders, resulting in radical changes in public consciousness, increasing exponentially the attention to the global environment and social care, and the development of communities (Mulgan, 2006). They put the cultural bases for sustainable innovation flowing into business fields around the world: this trend in sustainable corporate governance – which has led to the growth in “triple-bottom line” thinking – results in the emerging of a new way of doing business, where both market and social logics coexist and are complement in core mission, strategy and business practices. We are witnesses of how companies’ new challenge is to redefine themselves as purposeful, embracing their Corporate Social Responsibility.

The new philosophy aims at achieving positive societal outcomes, as profits can be generated by delivering products and services that benefit the "common good". As a matter of facts, companies have a large influence on the economy and life on the whole, not surprisingly a global sustainable development is not possible without a sustainable development of all firms. Of course many "traditional" companies could have the potential for introducing sustainable opportunities, however, this potential is often not recognised because of business model rigidities. Still, it is indeed true that there is no automatic relationship between voluntary societal activities and business success (Schaltegger, Lüdeke-Freund, & Hansen, 2012).

As a consequence, business model innovations may be required to support new and evolving strategies, indeed this thesis will exhibit a framework for sustainable business model innovation, with a focus on the B Corp model. This will allow understanding how companies are putting into practice the new strategic changes to create a newly-shared value, aligning profit with positive societal impact.

The Certified B Corps are the result of the new way of doing business. They are social enterprises verified by B Lab, a non-profit organization, that certifies companies based on how

they create value for non-shareholding stakeholders, such as their employees, the local community and the environment. Being a B Corp is a demonstration for the stakeholders of the different governance philosophy that is detached from a traditional shareholder-centred corporation (Kim, Karlesky, Myers, & Schifeling, 2016). But, also of their commitment to achieve social purposes beyond philanthropy and to report their CSR performance.

A B Corp is a for-profit, socially obligated, corporate form of business, with traditional corporate characteristics but also with societal commitments. Under a social welfare logic, organizations pursue social goals to create public goods that benefit society (Stubbs, 2017b). As a matter of fact, the B Corp represents a brand-new sustainable business model. Therefore, after a literature review about the design and implementation of sustainable business models in general, the B Corp model will be specifically addressed.

The final part of this thesis will focus on the analysis of the empirical case of D'orica to support the concepts investigated in the literature review.

D'orica is a Veneto-based goldsmith atelier that, since 2017, is certifying as a B Corp. As a matter of fact, in almost 30 years of production, the company has always been involved actively in the community with a careful environmental attention to its impact. The case will consist of a qualitative research based on the idea of interviewing several people in the company and investigating the certification process and its difficulties. The final aim will be to better understand how this firm went through the process of business model innovation through the years and how it has been enhanced by the B Corp Certification process. Indeed, the final goal is to examine if a B Corp model can be considered as an integrated form of sustainable business model.

CHAPTER 1

BUSINESS MODEL THEORY

1.1 The definition of the concept

The core logic of a business activity is summarised under the term “business model” (Karlusch, Sachsenhofer, & Reinsberger, 2018). A firm put in action the strategy planned through the design of the business model, which denotes and organizes its activities. In fact, the purpose of the strategy is to create a competitive advantage that generates superior, sustainable financial returns. To do so, after the industry analysis and understanding, the company must choose its position within it. This is fundamental in order to shape the choice of a business model and the underlying set of activities that sustain it (Casadesus-Masanell, 2014).

First of all, the term “business model” was first used by the financial journalist Michael Lewis in 1999, connecting the concept with the e-business predicting future companies’ link with the Internet. Although approximately two decades ago, the focus on this topic started within an e-business context, it shifted soon to a broader one, investigating in general how a business is conducted (Slávik & Bednár, 2014).

The literature presents various perspectives on the business model concept.

It is relevant to highlight as several authors define a business model just as a system for making money, that is a mere economic concept, which produces revenues and costs through a set of activities, whose final aim is to create profit. Slávik & Bednár (2014) report some definitions according to this view, including the following:

- “The business model is a useful framework to link ideas and technologies to economic outcomes” (Chesbrough, 2006, as cited in Slávik & Bednár, 2014)
- “Business model is a framework for making money. It is the set of activities which a firm performs, how it performs them and when it performs them so as to offer its customers benefits they want and to earn a profit” (Afuah, 2003, as cited in Slávik & Bednár, 2014)

However, a purely economic view of the business model does not represent a holistic view of the company. The business model should capture also the creating value side of the business. Business models are described as a holistic description of "how a firm does business" in the following definitions:

- “Business model defines how a company provide value to customer and transfer payments to profit.” (Teece, 2010, as cited in Slávik & Bednár, 2014)
- “Business models are, at heart, stories that explain how enterprises work. Like a good story, a robust business model contains precisely delineated characters, plausible motivations and a plot that turns on an insight about value. It answers certain questions: Who is the customer? How do we make money? What underlying economic logic explains how we can deliver value to customers at an appropriate cost?” (Magretta, 2010, as cited in Slávik & Bednár, 2014)
- “A business model describes the rationale of how an organization creates, delivers, and captures value” (Osterwalder & Pigneur, 2010)

From their review, the authors propose an own definition of business model as "a system of resources and activities, which create a value that is useful to the customer and the sale of this value makes money for the company" (Slávik & Bednár, 2014, p.21).

Another relevant multifaceted business model literature review that is worth to be mentioned is the one conducted by Zott, Amit & Massa (2011) who examined the business model concept through multiple subject-matter lenses. Given the many different definitions, the authors analysed the distinct fields – which Zott et al. (2011) call “silos” - in which the business model concept has been addressed, in order to find common elements. In point of fact, scholars have independently used the term “business model” in the main interest areas such as:

- e-business and the use of information technology in organizations;
- strategic issues, such as value creation, competitive advantage, and firm performance;
- technology and innovation management.

However, common themes among scholars of business models emerged:

1. The business model is commonly acknowledged - implicitly or explicitly - as a new unit of analysis, which is distinct from the product, firm, industry, or network. It is centred on the specific firm, but its boundaries are wider.
2. Business models emphasize a system-level, holistic approach towards explaining *how* firms do business. As a matter of facts, the word "how" is the critical element of the majority of business model definitions, including the above-mentioned ones (Magretta, 2010; Osterwalder & Pigneur, 2010; Teece, 2010).
3. Firm’s and its partners’ activities play an important role in the various business model conceptualizations proposed. It a shared point between all scholars that studying firms in isolation without considering all the relations with the external environment is not

enough anymore to capture all the value. Because of this, Zott et al. (2011) talk about “boundary-spanning activities”.

4. Business models seek to explain how value is created and how it is captured. Value capture is traditionally related to Osterwalder’s Business Model Canvas analysis of the cost structure and revenue streams, that will be explained in details in paragraph 1.3.

These themes are interconnecting and mutually reinforcing. Hence, Zott et al. (2011) suggest that the field is moving toward a conceptual consolidation (Zott, Amit, & Massa, 2011). Still, according to Joyce and Paquin (2016), the crucial point is the definition of organization's business model giving information about the alignment of high-level strategies and underlying actions, to support strategic competitiveness, recalling Casadesus-Masanell and Ricart (2010). Given that such connections are often only tacitly recognized within organizations (Teece, 2010), scholars and practitioners (Chesbrough and Rosenbloom, 2002; Amit and Zott, 2010; Schaltegger et al., 2012) have increasingly turned to business models as a way to make these connections more explicit (Joyce & Paquin, 2016).

However, nowadays the greatest attention is focused on the innovation perspective of business models. Dynamics and evolution of the current business environment push companies to question their existence (Nielsen & Lund, 2014). As a consequence of this situation, there we find an increasing willingness to identify new successful business models behind firms’ accomplishments. Those same challenges must be perceived by firms as brand-new opportunities for value creation, engaging in sustainability-oriented business model innovation.

1.2 Business Model Innovation

The logic behind the design of the business model is, therefore, the critical point that could determine the success and even the survival of a company. Nowadays, in a competitive environment and a globalized framework, business model innovation has become a central topic. The scenario in which companies need to break out is plausibly depicted like this: intense competition, where product or process innovations are easily duplicated, competitors' strategies have converged and, as a consequence, sustainable advantage is volatile. In fact, business model innovation (BMI) is especially valuable in times of instability, exactly like the last ten years, characterized by the economic decline during the Great Recession and its recovery, which has been very slow in Italy. Moreover, during times of crisis, companies find it easier to gain public consensus around the audacious measures required to reinvent an existing business, most of all,

when it involves a strong declaration of corporate values (Lindgardt, Reeves, Stalk, & Deimler, 2009).

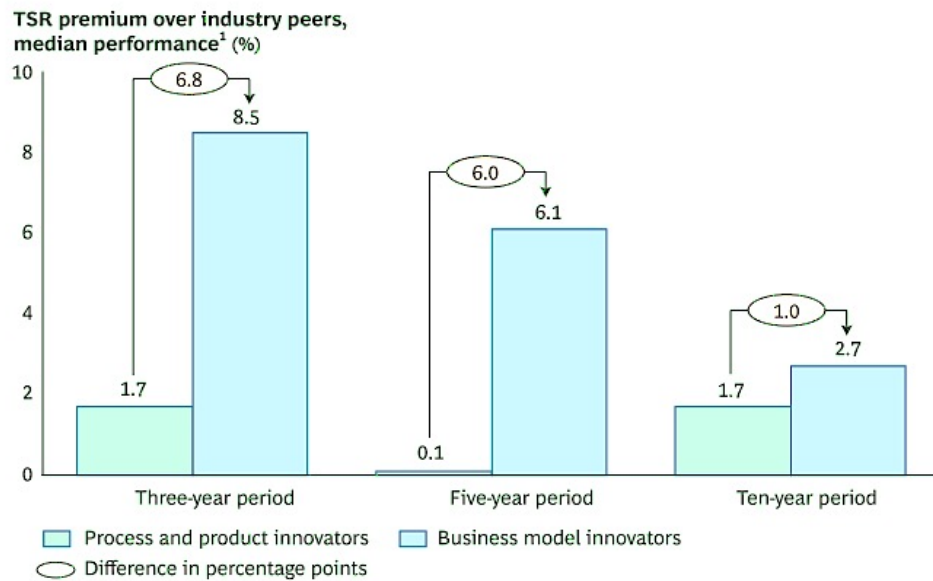
BMI is for sure a broader concept than sustainability-oriented innovation, on which this thesis focuses about, but it is the starting point. So, it is essential that all business model elements have to be adapted over time to ensure their continuing relevance to the firm's customers and suppliers. This because product and process innovation is not always enough to foster growth in the competitive global marketplace. The coming of the digital age and the urgency to assess environmental and social issues have addressed an impetus for business model innovation: technology has dramatically changed how companies operate and deliver services to customers, while sustainability causes changed behaviours and attitudes in both offer and demand sides. Indeed, business model innovation involves changing deeply the way of doing business and the primary goal is to realize new revenue sources by improving the value proposition and how it is delivered to customers.

According to the literature review conducted by Zott et al. (2011), also reported by Schaltegger et al. (2012), scholars agree that “the business model is not only a facilitator of technological and organisational innovations, but can become itself subject to strategic innovation in order to share and leverage resources such as knowledge, managerial and entrepreneurial skills, or to enable reconfigurations of the underlying value chain or value network” (Schaltegger et al., 2012, p.108).

Seemingly, according to a study conducted by Mitchell and Coles (2003), also reported by Schaltegger et al. (2012), outperforming companies in different industries shared one common feature: longstanding top performers were frequently making structural improvements in several dimensions, making these multidimensional business model changes every two to four years. Additionally, the real new findings of their work concerns the “strategic leverage effect” of BMI that amplify the effectiveness of cost and differentiation strategies, the famous Porter's drivers to outperformance (Schaltegger et al., 2012).

In this context, the statistics carried out by The Boston Consulting Group (BCG) and BusinessWeek in 2009 are worth mentioning. The evidence, illustrated in Figure 1, is that even though BMI can be more challenging than product or process innovation, it delivers superior returns. In analysing their database of outperformance innovators, two different groups were distinguished: business model innovators segment and product/process innovators one. The analysis showed that both types of innovators achieved a premium over the average total shareholder return (TSR) for their industries. However, business model innovators earned an average premium that was more than 6% greater than the one of the other group until the fifth

year. Despite the fact both returns significantly decrease in the long-run, BMI delivered returns that were more sustainable in the long-run and still surpassed the other (Lindgardt et al., 2009).



Sources: *BusinessWeek*/BCG Innovation Survey, 2008; BCG ValueScience analysis.
¹TSR premium is defined as the percentage by which the innovators' average total shareholder return exceeded that of their industry peers.

Figure 1. TRS premium of innovators (Lindgardt et al., 2009)

So, when discussing BMI, we deal with critical structural changes inside the organization. Mitchell and Coles (2003) identify four degrees of BMI, that are recalled by Schaltegger et al. (2012). The classification, depicted in Table 1, starts from incremental adjustments to more radical business model changes. It is underlined whether it occurs or not a change in the business model value proposition (i.e. the product/service offering, which is the core of the business model as it will be explained in details in paragraph 1.3.2).

BMI DEGREE	DESCRIPTION
Business model adjustment	Changes of only one (or few) business model element(s), excluding the value proposition.
Business model adoption	Changes that focus on matching competitors' value propositions. The goal is to keep up with market standards and competitors.
Business model improvement	Changes in substantial parts of the business model elements. The value proposition, however, stays unaltered.
Business model redesign	Changes lead to a completely new value proposition. The underlying business logic is replaced to offer a new product-service system.

Table 1. BMI degrees (Schaltegger et al., 2012)

This classification will be recalled in Chapter 2 when discussing sustainable business model innovations that definitely require companies to make business model changes in order to adapt it with regards to sustainability strategies and drivers.

1.3 Business Model Canvas tool

1.3.1 The perspective

The business model can be thought of as a strategic asset that allows improving firms' performance, in a perspective of business model innovation, as investigated in paragraph 1.2. The most famous and used theoretical tool is the Business Model Canvas, which describes the business logic of a firm, as it describes the rationale of how an organization creates, delivers, and captures value. It was invented by Alexander Osterwalder in his first piece of work *Business Model Ontology (2004)*. Later he developed and improved the concept with the help of an international community of 470 practitioners from 45 countries, that led to the publishing of the book *Business Model Generation (2010)* with Yves Pigneur. The popularity of the book worldwide and the reliability of the model have transformed the Business Model Canvas into an international guideline for business model innovation and, itself as a topic of study. As a matter of fact, it is included in all the subsequent literature.

As pointed out by Joyce and Paquin (2016), it is an inside-out approach to business model innovation which starts with the current elements of the business model for then exploring the potential changes (Joyce & Paquin, 2016). Indeed, it “provides practical tools to understand, design and implement a new business model or renovate an old one” visually in one single piece of paper. It is used globally by companies of all sizes to better outline the business model and its connection with the value proposition and other strategic tools and processes (Osterwalder & Pigneur, 2010).

1.3.2 The structure

The Business Model Canvas presents the relations between the four main business areas: customers, offer, infrastructure, and financial viability.

Its framework consists of nine basic building blocks that show the logic of how a company intends to make money, as seen in Figure 2. In fact, as the author states “the business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems”.

The Business Model Canvas

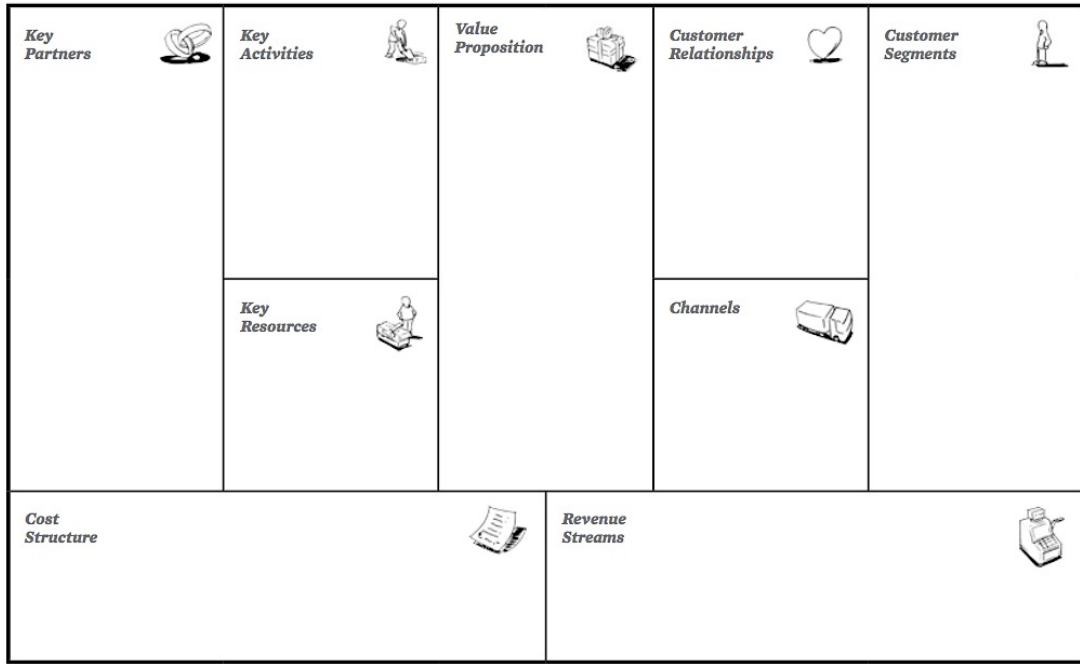


Figure 2. Business Model Canvas (Osterwalder & Pigneur, 2010)

As it is visually seen more clearly in Figure 3, the blocks are divided into two main sections (Chesbrough, 2010): to the left of value proposition, we deal with value creation and to the right with value distribution.

Substantially, the left side reflects internal efficiency, showing how the company manages the value creation organizing and integrating key resources, key activities and key partnerships in order to set up the optimal cost structure. The right side instead reflects the external effectiveness of the market. The company indeed gets the revenue flows through the delivering, by way of its channels, of the value created to the customer segment with whom maintains a certain type of relationship.

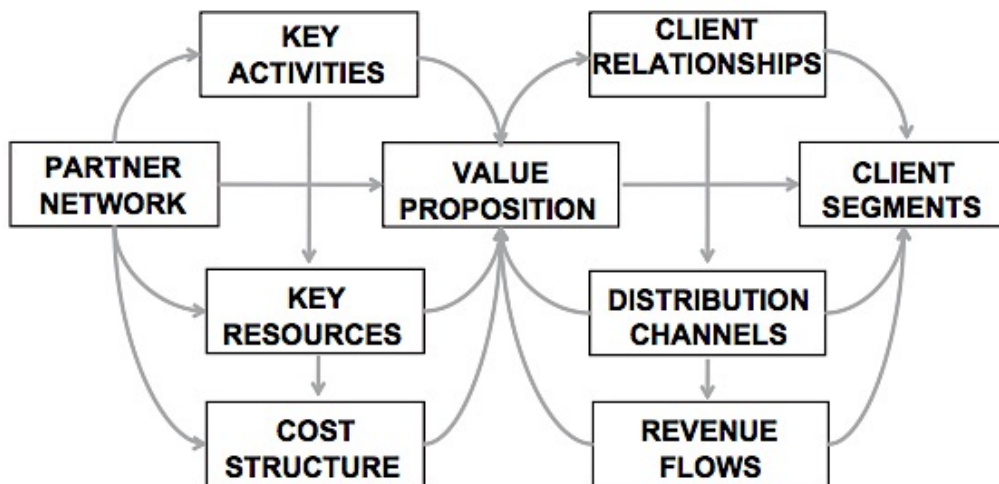


Figure 3. The dual structure of the Business Model Canvas (Chesbrough, 2010)

However, the Business Model Canvas is also conventionally divided into the conceptual business model framework depicted in Figure 4. According to this perspective, a business model is defined by three main elements: the value proposition, value creation and delivery and value capture. First, the value proposition refers, as already explained, the product and service offering to customers. Second, value creation is at the heart of any business model, i.e. the system by which the business seizes new business opportunities, new markets and new revenue streams. Finally, value capture is about making money from the provision of products/services: costs must be subtracted from revenues to create earnings (Bocken, Short, Rana, & Evans, 2014).

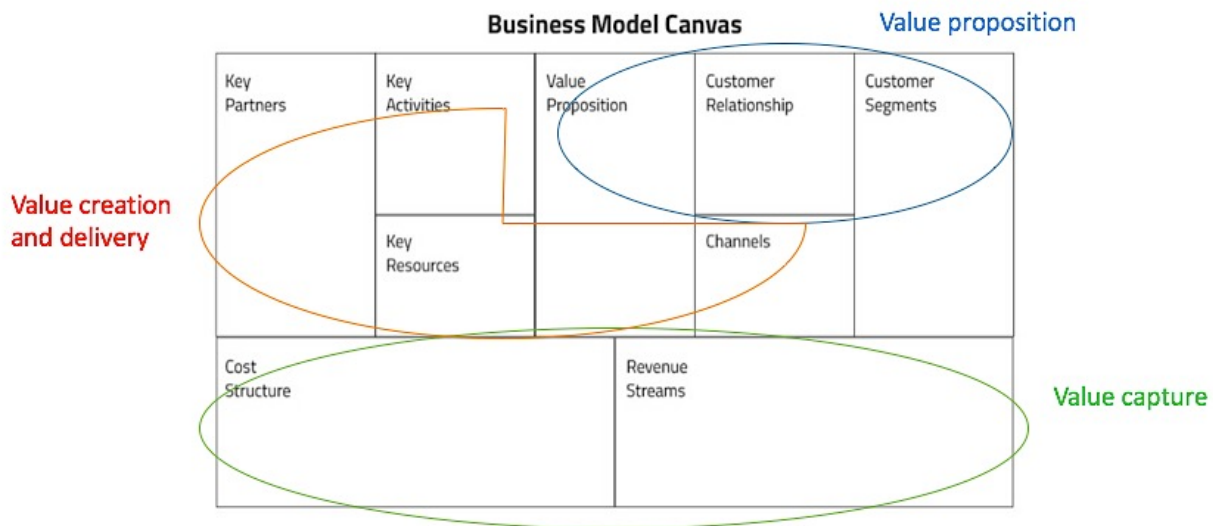


Figure 4. Conceptual business model framework

(Adapted from Bocken et al., 2008; and Osterwalder & Pigneur, 2010)

The nine building blocks are described as follows (Osterwalder & Pigneur, 2010).

- **Customer Segments:** This block describes the different groups of people or organizations the firm aims to reach and serve. It is the heart of the business model which is designed around the target and its specific customer needs. A company can choose to reach and serve a mass market, niche market, a segmented or diversified or a multi-sided platform.
- **Value Proposition:** The block describes the bundle of products and services that create value for a specific Customer Segment and it represents the offer. So, it is the value given to customers, in exchange for solving their problems or satisfying their needs.

It is characterized by a mix of elements that make it stand out among competitors. Those elements are both qualitative (such as design, brand/status, newness, customer experience etc.) or quantitative (e.g. speed, performance, price).

- **Channels:** The block describes how a company communicates with and how it reaches its Customer Segments to deliver the Value Proposition. It is composed of communication, distribution and sales, so it represents the company's interface with customers and it plays a key role in customer experience. In fact, we distinguish five channel phases: in this order awareness, evaluation, purchase, delivery and after sales. Each channel covers some or all of these phases. A company can choose between own and partner channels. Own channels are sales force and web sales (direct channels), plus own retail stores (indirect). Partner channels, instead, are partner stores and wholesaler (both indirect).
- **Customer Relationships:** The block describes the types of relationships a company establishes with specific Customer Segments and it must be clear, as it shapes the customer experience. They can be of different types, which may also co-exist, such as personal assistance, dedicated personal assistance, self-service, automated services, communities and co-creation. A company can choose among these according to the strategy they have, usually the motivations between the choice are customer acquisition, customers retention or boosting sales.
- **Revenue Streams:** The block represents the cash a company generates from each Customer Segment; in point of fact, the main assumption is their true willingness to pay. The two types of Revenue Streams are transaction revenues resulting from one-time customer payments and recurring revenues resulting from ongoing payments to either deliver a Value Proposition or provide post-purchase support. Each Revenue Stream can also have a different price mechanism: from fixed pricing that are predefined prices based on static variables (e.g. list price, product feature/customer segment/volume dependent) to dynamic pricing which means prices change based on market conditions (e.g. bargaining, yield management, real-time-market, auctions). In addition, there are several ways to generate Revenue Streams: asset sales, usage/subscription/brokerage fees, licensing and lending/renting/leasing, advertising.
- **Key Resources:** This block describes the most important assets required to make a business model work. Different Key Resources are needed depending on the type of business model. They are indispensable indeed they can be owned or leased by the company or acquired from key partners. They can be physical, financial, intellectual, or human.

- **Key Activities:** The block describes the most important things a company must do to make its business model work. Like Key Resources, Key Activities are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. And like Key Resources, Key Activities differ depending on business model type. They are divided into three categories: production, problem-solving and platform/network.
- **Key Partnerships:** Key Partnerships refer to the network of suppliers and partners that make the business model work. Alliances allow companies to optimize their business models (allocation of resources and activities and economies of scale), to reduce risk, or to acquire resources/activities. Hence, we identify different types of partnerships: from strategic alliances (between non-competitors) to cooptation (between competitors) and joint ventures (to create new businesses) or buyer-supplier relationships.
- **Cost Structure:** The block describes all costs incurred to operate a business model. It is composed of fixed and variable costs, economies of scale and economies of scope. Generally, costs should be minimized in every business model but it is not always like this. In fact, we distinguish between cost-driven business models, focused on minimizing costs wherever possible, and value-driven ones. The latter group is characterized by premium Value Propositions and a high degree of personalized service that allow higher revenues to cover the cost incurred.

The Business Model Canvas, due to its importance, has been recalled by the subsequent studies, that recognize the nine building blocks as the traditional way to partition a business model. The partition is the main strength of the tool, as it is focal in the analysis of the business model success. The business model has to be internally and externally consistent: elements of the blocks have to be aligned among each other, but also have to be coherent with the industry factors. All these choices fit together in a logical way, implying the need to make trade-offs. What the company needs to do and what needs to not to do must be clear since the beginning, to stay focused on its purpose. The stronger the fit of those choices, the more robust the business model is and the more difficult it is to replicate by competitors (Casadesus-Masanell, 2014). In the same industry, it is inevitable to observe a certain business model design predictability, due to companies' external consistency in industry structure and organizational capabilities. Therefore, the business model is for sure a firm-specific element (Gambardella & McGahan, 2010).

A robust and financially sustainable business model is both successful in expanding into new markets and differentiating its products and services and in generating profits. In addition, a financially sustainable business shall be scalable, i.e. growing profits result in lowering marginal costs (Ciesielska & Iskoujina, 2017).

In conclusion, as suggested by Chesbrough (2010), tools such as maps and canvases are helpful to overcome the barriers that protect the extant business model. Companies must adopt an effective attitude toward business model experimentation, effectuation, and organizational leadership. Some experiments will fail, however, failure encourages new approaches and provides new information, creating new data. Effectuation creates actions based on the initial results of experiments, generating new data that may discover previously latent opportunity. Also, identifying internal leaders for business model change becomes crucial, in order to guide the organization towards the embracing of innovation (Chesbrough, 2010).

CHAPTER 2

SUSTAINABLE BUSINESS MODEL

2.1 Introduction to concepts

In a context of the explosion of the trend of corporate social responsibility, climate change awareness and fair trade, we are all witnesses of an increased attention to these themes from companies and consumers, who are gaining awareness and responsibility of social and environmental issues. In particular, in the last few decades, we observe this trend in firms, after decades of cutting costs to the limit to achieve the only purpose of profit maximization. Companies were used to hide social and environmental costs of transferring production and services to low-cost countries such as China, India etc., exploiting unregulated labour markets and weak regulations about carbon emissions, just to mention two of the main issues.

Nowadays, this perspective is shifting in the opposite direction thanks to the increasing awareness of the impacts of the business world. Indeed, firms are the subjects that provide the greatest impact on the planet and society, in addition to the mere economic sphere. Firms' activity is also linked to the behaviour of the other subjects, such as consumers, policy makers etc., originating a closed-loop influence cycle towards a shared environmental and social responsibility.

In fact, nowadays, alongside with sustainability, concepts as triple bottom line, social innovation or Corporate Social Responsibility (often addressed as CSR) are terms constantly used to describe a new way of doing business, in an "ethic way". Those topics are increasingly used, much that their complementary meanings often overlap in the debate about this trend. But, this is not exactly true: the following paragraphs clarify briefly the above-mentioned concepts, on which the sustainability-oriented innovations argued in this thesis are based. Indeed, the aim of this thesis is to show how those topics can be a part of a business model design or how they can be integrated with existing successful business models. Not surprisingly, business model innovations nowadays are set to follow patterns of sustainable innovation alongside innovation patterns developed so far in sectors such as information technology. Therefore, there is a need to explain the level of involvement of sustainability in the business model of a firm, explaining the overlap of social and business activities. Those activities have

to fit into a particular business model and they have to offer some quantifiable economic return (Ciesielska & Iskoujina, 2017).

2.1.1 Sustainability

The concept of sustainability originates from the definition of sustainable development given in the famous Brundtland Report in 1987. "Sustainable development" is defined as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 43, as cited in Stubbs, 2017b). Starting from this definition, the literature review of Pater and Cristea (2016) found a whole category of functional sustainability definitions related to the concept of "sustainable development" provided by numerous authors during 23 years: from Lele (1991) to Caradonna (2014) (Pater & Cristea, 2016). In analysing all these definitions, the conclusion the authors have drawn consists in the vagueness and the ambiguity resulting from the definitions, which lead to a wide variety of interpretations, methods and indicators for the measurement of sustainability in practice. However, they reveal another category of definitions oriented towards a systemic approach that improve the explanation of the concept's content, including studies from Meadows (1972) to Schwaninger (2014) (Pater & Cristea, 2016). A remarkable definition among these is worth mentioning: "Sustainability is defined as the persistence over an apparently indefinite future of certain necessary and desired characteristics of both the ecosystem and the human subsystem within" (Hodge, 1997, p.9, as cited in Pater & Cristea, 2016).

Thus, as it is highlighted by Ciesielska and Iskoujina (2017), sustainability is understood as action towards the long-time maintenance of (eco)system not only in an environmental sense (Davies and Mullin, 2010) but also considering the social and economic dimensions. Hence, the more recent and widespread conception of sustainability is linked to the idea that sustainable growth is composed of economic growth, environmental protection and social progress (Ciesielska & Iskoujina, 2017)

Furthermore, the predominantly used definition online when discussing sustainability topics is the one provided by Forum For The Future: "Sustainable development is a dynamic process which enables people to realise their potential and improve their quality of life in ways which simultaneously protect and enhance the earth's life support systems"¹. Accordingly, sustainability deals with resource depletion and their supplies over time and over communities. That is, sustainability aims to control intergenerational equity, in order to assure the future

¹ Source: www.forumforthefuture.org

generations to meet the society's needs, but it also calls forth social justice ideals in which all people around the world have same rights and opportunities. In this context, we have to mention that, in order to accomplish globally the sustainable development, United Nations set in 2015 the universal "Agenda 2030" of 17 Goals and 169 Targets to stimulate actions in critical areas for humankind and the planet: people, planet, prosperity, peace, partnership². The explanation of this is fundamental to understand the global movement towards sustainability that is involving all actors of society: from consumers to global buyers, from NGOs to policymakers, institutions and, last but not least, companies.

Corporate sustainability is an alternative to the traditional business approach aimed at profit-maximization. Corporate sustainability so measures the performance of a business not only economically, but also based on the impacts on the environment, on the relationships with the community and all the firm's stakeholders, and contribution to its economy. Thus, sustainability aims at enhancing the quality of life in three fundamental dimensions: the economy, the environment and the society, upon which the concept of the triple bottom line is funded.

2.1.2 Triple bottom line

The "triple bottom line" expression was first coined in 1994 by John Elkington, the founder of a British consultancy called SustainAbility (which became a B Corp in 2013³).

The triple bottom line consists of three layers: profit, people and planet, in order to provide an integrated and holistic view of value and impacts of organizations. So, it aims to measure, and yet improve, the financial, social and environmental performance of the companies. The three bottom lines are the traditional one of the profit and loss account along with the "people account" and the "planet account", measuring of how socially and environmentally responsible an organisation has been throughout its operations (The Economist, 2009). The Triple Bottom Line is indeed one of the main systems used by businesses to assess the profits they are making through their corporate sustainability solutions. Also, it is the main approach for taking account of the full cost involved in doing business and successfully improve them in the required areas. As a matter of facts, the adoption of such measures that create a favourable work environment, improve employees' welfare and minimise ecological damages allows firms to adopt more efficient operational methods and technologies, enlarging the overall profitability margin.

² Source: www.sustainabledevelopment.un.org

³ Source: www.sustainability.com

2.1.3 Social innovation

Social innovation is a broad concept which stands for the development of new strategies by an organization whose purpose is to solve social and environmental issues that affect the community in its entirety. New strategies that are a core part of a company business model. In this way, the fashion of social innovation for for-profit organizations is following the steps of longstanding practices in NGOs.

In business, social innovation can be driven by competition, open cultures and accessible capital. It is pushed by business networking, favourable policy, strong civic organizations (from trade unions to hospitals) and the support of progressive foundations and philanthropists. Also, the huge flow of innovation is partly due to the pull of competitive markets, but also because of public subsidy and private investments (Mulgan, 2006).

2.1.4 Corporate Social Responsibility

Another related concept is CSR that consists of an ethical stance, which aims at balancing current stakeholder interests (Wan Jan, 2006). The concept of stakeholders which are defined as “any individual or groups who can affect or, is affected by, the achievement of the firm’s objectives” (Freeman, 1984, as cited in Wan Jan, 2006).

Indeed, CSR is about acting responsibly in order to positively benefit the environment, the community in which an organisation conducts its business and the whole society. It consists of integrating strategies with ideals that are aligned with corporate values, satisfying stakeholder expectations. In line with the new way of administration, a responsible business will also adopt sustainable development initiatives, actively engaging in acts or programs to promote welfare of society (Carroll & Shabana, 2010). It is associated with corporate social initiatives such as, for example, corporate philanthropy, charities, community volunteering, causes promotions (Kotler & Lee, 2005).

“ISO 26000 Guidance on social responsibility” is the recognized international standard for CSR. It was published in November 2010 by the International Organization for Standardization and it is applicable to all organisations, including companies⁴.

⁴ Source: www.iso.org

2.2 Business Model Innovation for sustainability

Despite the business model literature has always been interested mostly in business models that create, deliver, and capture mere economic value, recently, this literature has also started to investigate models linked to social and environmental values (Ritala, Huotari, Bocken, Albareda, & Puumalainen, 2018). The key challenge is redesigning business models in such a way that it enables the firm to capture economic value for itself, through delivering social and environmental value to a wider set of stakeholders (Schaltegger et al., 2012).

Therefore, business model innovations for sustainability are defined by Bocken et al. (2014) as “innovations that create significant positive and/or significantly reduced negative impacts for the environment and/or society, through changes in the way the organisation and its value-network create, deliver and capture value or change their value propositions” (p.44).

This Chapter will deepen business model innovations to deliver sustainability through a systematic review of the more recent literature about the topic. The review will start from business cases for sustainability to identify business case drivers and sustainable corporate strategies, in order to understand how firms implement sustainability-oriented business model innovations. Subsequently, there will be an analysis of the most relevant sustainable business model classifications: sustainable business model archetypes and patterns (Bocken et al., 2014; Ritala et al., 2018; Lüdeke-Freund et al., 2018). Finally, it will be displayed the Triple Layer Business Model Canvas, as a tool to support the creative exploration of sustainable business models and sustainability-oriented innovation more extensively. The tool complements and extends Osterwalder and Pigneur (2010) economically-oriented business model canvas concept with new layers investigating environmental and social value creation (Joyce & Paquin, 2016).

2.2.1 Business cases for sustainability

As already mentioned in paragraph 2.1, in the last few decades the awareness of the need to create modern ecological ways for doing business and foster sustainable consumption patterns is increasing. Businesses are expected to more actively address issues such as financial crises, economic and social inequalities, environmental concerns, material resource scarcity, energy demands and technological development as part of their focus (Joyce & Paquin, 2016).

To address the triple bottom line outlook, sustainable development requires that environmental, social and economic challenges must be dealt with by the firms' management. In other words, orienting the business model towards a triple bottom line aims at the realisation of economic success also by means of an intelligent design of voluntary environmental and social activities.

In a perspective that identifies sustainability as a new business opportunity to gain competitive advantage, we will now investigate this type of business model innovation focused on those changes towards sustainable development (Karlusch et al., 2018).

The business model transformation allows integrating sustainability into an existing business and for new start-ups to design a brand-new sustainable business model (Bocken et al., 2014). Thus, according to Schaltegger, Lüdeke-Freund, & Hansen (2012), the beginning assumptions for the company that undergoes through the process of sustainable BMI are three:

1. The voluntary contribution to the solution of societal or environmental problems, since the company's motives cannot be just a reaction to regulations or legal enforcement nor a compliance to conventional industry behaviours.
2. The latter must create a positive business effect or a positive economic value for the company. Direct or indirect effects can be cost savings, the increase in sales or competitiveness, improved profitability, customer retention or reputation, etc.
3. A certain management activity leads to the intended societal, environmental and economic effects.

Following the research conducted by the German authors mentioned above for theorising sustainable business models, we start from the definition of a *business case for sustainability* as this exact situation in which voluntary environmental and social activities are linked to corporate economic success and how to innovate this link in order to improve performances. Companies make a true real investment in sustainability, which is not perceived as only a form of corporate philanthropy, but it is the core of a business realization (Schaltegger et al., 2012).

2.2.2 Drivers

Generally, BMI concentrates on profit increasing activities and cost decreasing measures, integrated with the core business approach. Sustainable BMI moves in this way, and the only difference stays in the focus on social and environmental benefits those activities must bring. Those activities are the drivers, i.e. variables which directly influence economic success. A literature review by Schaltegger et al. (2012) shows how much sustainable business case drivers can have a direct or indirect influence on economic performance, hence they are related to the drivers of a conventional business case. Several empirical pieces of research, mainly in an SME context, examined by the authors can be summarized in Table 2.

DRIVERS	DESCRIPTION
Costs and costs reduction	Resource efficiency, energy savings, reduction of material flows or cleaner production
Risk and risk reduction	Contingencies, potential and actual costs, results of good/bad sustainability management
Sales and profit margins	Opportunity for attracting new customers and increasing market share
Reputation and brand value	Result of good publicity
Attractiveness as an employer	Attracting, training and retaining good employees
Capability to innovate	Sustainability goals as opportunities for continuous improvement and encouragement of thinking in diverse dimensions and diverse knowledge sources

Table 2. Sustainable Business case drivers (Adapted from Schaltegger et al. 2012)

All voluntary social and environmental projects and activities have to be analysed in terms of their influence on these drivers, in order to assess their (positive) economic effects. Also, it is important to mention the issue involving political initiatives and NGOs, especially for large enterprises, that can be considered as an indirect driver. However, even if this types of relationships usually cannot be controlled by the firm, they have to be taken into account by the management.

2.2.3 Corporate sustainability strategies for BMI

Starting from single and event-driven business cases for sustainability, the objective is reproducing the business models for sustainability, which serve as templates for respective business cases on a regular basis.

The drivers are intermediating variables which link the corporate sustainability strategy with the “architecture” of the business model. Different sustainability strategies put different emphases on the individual driver. Consequently, each strategy is supposed to affect the business model in a distinct way, requiring a particular degree of business model innovation (Schaltegger et al., 2012). In the first place, it is essential to understand and manage the links between the business model areas (grouping the nine building blocks into value proposition, customer, infrastructure, financial aspects) and the drivers, which are illustrated in Figure 5.

<i>Generic business model pillars</i>				
<i>Core drivers of business cases for sustainability</i>	<i>Value proposition (VP)</i>	<i>Customer relationships (CR)</i>	<i>Business infrastructure (BI)</i>	<i>Financial aspects (FA)</i>
Costs and cost reduction	Products and services with lower energy or maintenance costs for customers	Cost-efficient contracting relationships, closed-loop service systems	Costs of new products and services can be lowered through partnerships	Balancing cost reductions for customers and cost structures of new products and services to increase profitability
Risk and risk reduction	Lowering societal risks through products and services can create value to certain customer segments	Service-relationships reducing sustainability risks for customers result in higher customer loyalty	Resources, activities, and partnerships set-up in order to minimise internal and external risks	Improved risk and credit rating resulting from lowered sustainability risks
Sales and profit margin	Environmentally and socially superior products and services require modified or new VPs to turn into sales and profits	Higher customer retention and customer value as a result of sustainability-oriented, service-intense relationships	New products and services may require strategic partnerships (e.g., cooptation) to overcome market barriers	New products and services and/or new customer relationships contribute to diversified revenue streams
Reputation and brand value	Sustainability as distinctive element of good corporate reputation	Sustainability as marketing feature of the brand increasing customer loyalty	Strategic partnerships with sustainability leaders can increase reputation and brand value	Sustainability performance leading to a good rating and the consideration in sustainability indices and funds
Attractiveness as employer	A companies' offerings and VPs allowing for personal identification to attract employees	Better customer service as a result of higher employee motivation	Attractiveness as principal can enhance the quality of activities, resources, and partnerships	Reduced costs for HR acquisition, less fluctuation costs and lower compensation costs
Innovative capabilities	Unfolding the full sustainability-potential of innovations enables modified or new VPs	Innovative products and services creating solutions to sustainability problems, improving customer retention	To allow for innovations to unfold may require new activities, resources, and partnerships	Higher innovation potential and expectations for profitable innovations leading to an increase of shareholder value

Figure 5. Interrelation between drivers and business model (Schaltegger et al. 2012)

The sustainable strategies that are related to the drivers are the following three (Schaltegger et al., 2012). Note that they recall the incremental degrees of BMI described in Table 1.

1. **Defensive strategy:** it provides few adjustments to the business model. This strategic behaviour is often a reaction to perceived cost-constraints. Managers deal with sustainability issues not to gain a competitive advantage with sustainability performance, but just to comply with legislation.
2. **Accommodative strategy:** it provides some improvements to the business model, through a prudent modification of internal processes and a modest consideration of environmental or social objectives is made. Management is oriented through organisational change, which requires involvement and training of employees. However, the revenue logic and the core business are not changed.
3. **Proactive strategy:** it provides a brand-new design or redesign of a business model. In fact, a concrete contribution to sustainable development of the economy and society is integrated as part of the core business logic. Therefore, costs and risks take into account social costs and risks (negative externalities). The strategy addresses all efficiency and cost-related aspects, customer issues, sustainability-oriented innovation capabilities but also societal “non-market” issues. This strategy pursues business, environmental and social goals simultaneously and strives for business leadership through outstanding sustainability performance.

Since the final scope of this thesis is to identify sustainable business model patterns for B Corporations, which are completely dedicated to their mission, and fully committed to making the difference, the focus is on the last strategy displayed, the proactive one, that reflects the general strategic approach of these companies. But also, because sustainability-oriented innovations usually contrast the dominant economic logic of an established business model, requiring changes affecting a major number of it.

Finally, how a proactive corporate sustainability strategy affects the business model through its effects on core drivers is illustrated below in Table 3 (Schaltegger et al., 2012).

DRIVERS	PROACTIVE STRATEGY EFFECTS
Costs and costs reduction	Sustainability goals are achieved through efficiency and waste reduction; external social costs are included
Risk and risk reduction	Sources of high risks are largely removed
Sales and profit margins	Environmentally and socially outstanding oriented products and services become the core of the company's portfolio. This leads to gain competitive advantage: customers choose firm's offer because of sustainability features and are willing to pay more for them
Reputation and brand value	Sustainability is actively communicated: the company engages in stakeholder integration
Attractiveness as an employer	Continuous education, innovative positions, social attention (e.g., towards families and community, employees health and safety etc.) increase attractiveness to highly skilled workforce and new talents due to high sustainability reputation
Capability to innovate	Sustainability-oriented process, product, and organisational innovations transform business logic; sustainability problems and stakeholders are considered a key source of innovation

Table 3. Proactive strategy effects on drivers (Adapted from Schaltegger et al. 2012)

2.3 Sustainable business model archetypes

2.3.1 The approach

Categorizations and typologies of sustainable business models have been created by academics and business practitioners, among those Boons and Lüdeke-Freund (2013), Bocken et al. (2014), Clinton and Whisnant (2014) and Wells (2013), as cited in Ritala et al. (2018).

However, in this thesis the Bocken et al. (2014) approach will be deepened, since it comprises previous research as well as it is the main point of reference of latter studies.

Joyce and Paquin (2016) address this approach as an “outside-in” one, involving exploring opportunities for sustainable innovation by looking at an organization through different types of idealized business models, i.e. the archetypes. Indeed, this approach shows the broad variety of sustainable business model existing, and of activities that enable the firms to create a shared economic, social and environmental value (Ritala et al., 2018). Thus, Bocken et al. (2014) developed a categorisation of sustainable business model archetypes based on a comprehensive literature and practice review of the 2000s, in order to describe a modern classification of mechanisms and solutions that contribute to the design of business model innovation for sustainability. Indeed, this work seeks to create new innovation paths and lead the way for future research, stimulating creativity and facilitating innovation, as underlined also by Karlusch et al. (2018). Even if this proposed categorisation is subject to limitations, most all the fact that it is based on historical examples of innovations, necessarily ignoring future radical new approaches, its purpose is purely to inspire BMI. By reason, although each archetype can be applied aside, different ones may be combined to accomplish an effective business model design (Bocken et al., 2014).

The archetypes identified by Bocken et al. (2014) are eight, and they are classified into higher order groupings, that describe the main type of business model innovation: Technological, Social, and Organisational oriented innovations. It is important to highlight that the classification reprises the major innovation types identified in Boons and Lüdeke-Freund (2013). The technological grouping includes archetypes with a dominant technical innovation component involving manufacturing process and product redesign; the social grouping includes archetypes with a dominant social innovation component (e.g. innovations in consumer offering, changing consumer behaviour); finally, archetypes in the organisational grouping have a dominant organisational innovation change component, that means, for example, changing the fiduciary responsibility of the firm.

Subsequently, the categorisation has been resumed very recently and updated by Ritala et al. (2018), extending it from eight to nine archetypes divided across environmental, social, and economic categories as the major innovation types. The reason behind the change of the higher order categorisation derived from the idea to reprise the triple bottom line approach. The new archetypes categorisation developed by Ritala et al. (2018) is depicted in Table 4.

GROUPINGS	ARCHETYPES
ENVIRONMENTAL <i>(in place of technological)</i>	<ol style="list-style-type: none"> 1. Maximise material and energy efficiency 2. Closing resource loops 3. Substitute with renewables and natural processes
SOCIAL	<ol style="list-style-type: none"> 4. Deliver functionality rather than ownership 5. Adopt a stewardship role 6. Encourage sufficiency
ECONOMIC <i>(in place of organizational)</i>	<ol style="list-style-type: none"> 7. Re-purpose for society/environment 8. Develop sustainable scale-up solutions 9. Inclusive value creation*

* archetype added by Ritala et al. (2018)

Table 4. Sustainable BM archetypes grouping (Bocken et al., 2014; Ritala et al., 2018)

The nine identified archetypes are described in details in the following paragraphs.

2.3.2 Environmental Archetypes

In “**maximise material productivity and energy efficiency**” archetype the focus is on minimizing environmental impact reducing the demand for energy and resources. The aim instead is to enhance the value proposition (e.g. through significant price reductions), thanks to the improvement of product and processes, generating less waste and emissions and creating less pollution than products that deliver similar functionality. The consequently reduced costs lead to competitive price advantage that increases profits.

This archetype is typical of the manufacturing industries, in fact, it captures concepts such as lean thinking, eco-efficiency, and cleaner production approaches:

- Lean thinking is a Japanese philosophy about how to run operations that aims to meet demand instantaneously, with perfect quality and no waste. It is characterized by involvement of staff in the operation, strive for continuous improvement and elimination of waste, which includes overproduction, materials transportation and motion, over processing, inventory, defects and rework (Slack & Brandon-Jones, A. Johnston, 2016).
- Eco-efficiency is one generic competitive environmental strategy based on the reduction of cost and environmental impact of organizational processes.
- Cleaner production concepts aim at improving the environmental performance of products, specifically focus on changes in technology, processes and resources to reduce waste,

environmental and health risks.

Therefore, it is important to highlight that production efficiency improvements could eliminate traditional jobs in manufacturing, leading to unemployment and associated social sustainability issues (Ashford et al., 2012). Hence, other archetypes would also need to be considered as complementary (Bocken et al., 2014).

Contrary to the previous archetype, rather than seeking to reduce waste to the minimum, the “**Create value from waste**” (or “**Closing resource loops**”) one seeks to identify and create new value from what is currently perceived as waste, reusing products and materials. Therefore, the aim is the same to reduce the industry environmental impact by reducing the continuous demand for resources, by closing material loops and using waste streams as useful inputs to other products and processes. As a consequence, economic and environmental costs are reduced. This archetype indeed captures the concept of circular economy.

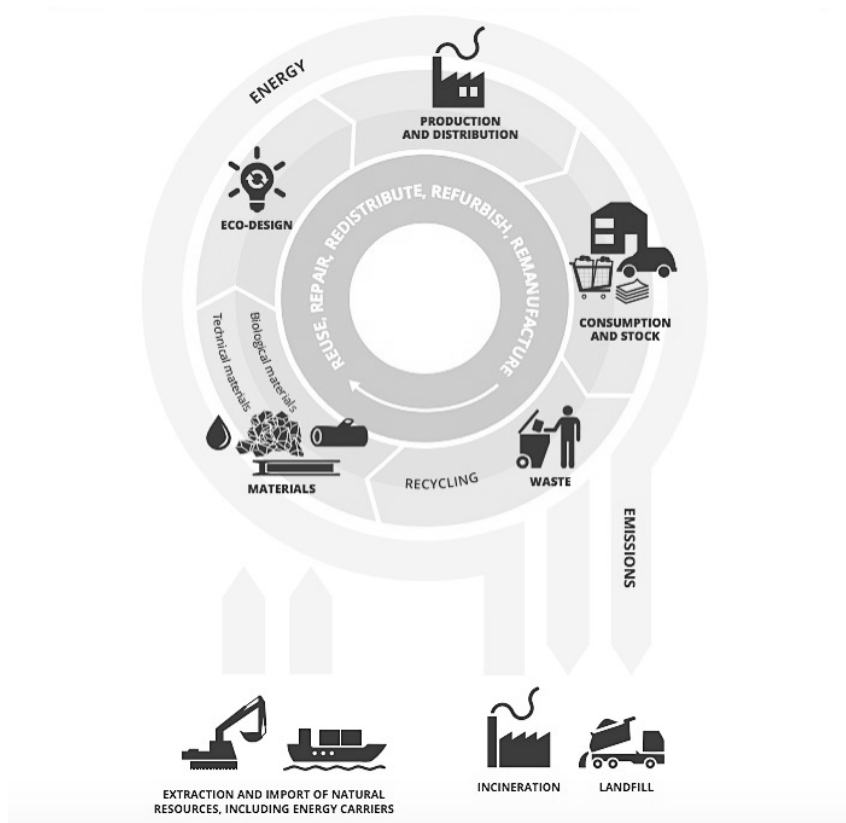


Figure 6. Circular economy (EEA, 2016)

Examples given by Bocken et al. (2014) are:

- Closed-loop business models (recalling Winkler, 2011), designed to enable waste at the end of the use phase of a product to be used to create new value.

- Industrial symbiosis (recalling Chertow, 2000), i.e. a process orientated solution turning waste outputs from one process into feedstock for another process or product line. This approach facilitates locally clustered activities (EEA, 2016).
- Cradle-to-cradle (recalling McDonough and Braungart, 2002), which merges the concepts of a closed-loop with an open-loop cycle in which all inputs are technical or biological nutrients.
- Under-utilised assets and capabilities, i.e. the idea that wasted value might be re-captured through sharing ownership and collaborative consumption approaches with partners (Bocken et al., 2014).

The “**Substitute with renewables and natural processes**” archetype exploits renewable resources and natural processes to create significantly more environmentally friendly industrial processes. The aim is reducing the use of the planet’s finite resource supply and reducing unwanted waste and pollution.

It consists of the substitution of finite materials with renewables through new renewable resource supply and energy systems, creating new value networks. In many cases, these technologies are currently not economically viable, or cannot be made efficiently at volume. However, there is a developing broad area of innovation including solar and wind-power based energy innovations (to generate electricity for manufacturing processes), zero emissions initiatives, and green chemistry, including for example replacing chemical dyes with organic ones in textile production (Bocken et al., 2014). It is also relevant to highlight that several solar energy and electrification businesses have emerged in all parts of the world, both in developed markets as well as in rural areas (Ritala et al., 2018).

2.3.3 Social Archetypes

In “**Deliver functionality, rather than ownership**” the objective is to provide services that satisfy users’ needs without having to own physical products, so the business model shifts from offering a manufactured product to a combination of products and services. The product is still important, but customer experience is fundamental to the value proposition. The sharing of crowd collected information and knowledge is a basic point (Karlusch et al., 2018).

The archetype breaks the link between profit and production volume (but not usage volume) and it can reduce resource consumption enhancing efficiency in use, product longevity and materials reuse. It also may incentivise manufacturers to develop products that last longer and redesign for durability, upgradability and reparability. Innovation factors can easily expand

market potential and enable the consumer to access previously expensive products (Bocken et al., 2014).

The “**Adopt a stewardship role**” archetype, instead, seeks to maximise the positive societal and environmental impacts of the firm on society by ensuring long-term health and well-being of stakeholders through the manufacture and provision of products/services. Production systems and suppliers are carefully selected to deliver environmental and social benefits (e.g. companies might decide to sell only the most energy-efficient labelled appliances and specifically ban others, as pointed out by Ritala et al., 2018). It implies initiatives such as employee welfare and fair wages, community development (education, health, livelihoods), sustainable growing and harvesting, environmental resource and bio-diversity protection and regeneration (Bocken et al., 2014). The most outstanding example is Patagonia – the most famous B Corp – that strives to improve the physical areas in which the company operates (Ritala et al., 2018).

Typically, the consumer pays a price premium to fund benefits in the supply chain, motivated by the intangible value associated with such purchasing. This is particularly relevant, among others, in the food, beverage and tobacco sectors (Bocken et al., 2014).

While the majority of the initiatives usually focus on sustainable production, the “**Encourage sufficiency**” archetype refers to solutions that radically seek to reduce consumption. The aim is the reduction of overconsumption and consequently material and energy waste through consumer education. Hence, the focus is on product durability and longevity to slow product replacement cycles. Profitability comes from premium pricing, together with customer loyalty and increased market share converge in the value capture. Moreover, this new perspective’s purpose is to change the culture of fast fashion, reducing excessive consumption and disposal of useful products (Bocken et al., 2014). In fact, it involves also the use of sustainable sales techniques, such as promoting sales of only what is needed (Ritala et al., 2018).

This archetype captures the following cases:

- Energy Saving Companies (ESCOs) optimise energy consumption of companies and public buildings and in return get paid by part of the savings achieved.
- Marketplaces for second-hand goods incentivise owners to take more care of products to ensure higher second-hand value. These second-hand markets have been extended in the last decades thanks to Web platforms such as E-bay.

- Frugal business models, instead, focus on the provision of products and services to low-income markets, through the redesign of extra features products to their base functionality (Bocken et al., 2014).

2.3.4 Economic Archetypes

In the “**Re-purpose the business for society/environment**” archetype the concept of the traditional business model where the customer is the primary beneficiary may shift. In fact, this archetype focuses on social and environmental, rather than economic, benefits maximisation towards a full integration between the firm with all the stakeholders, and therefore driving a global economy change.

In practice there are numerous innovations that significantly enhance the social value proposition of the firm, influencing also the other aspects of the business model, resulting in this archetype design (depicted in Figure 7).

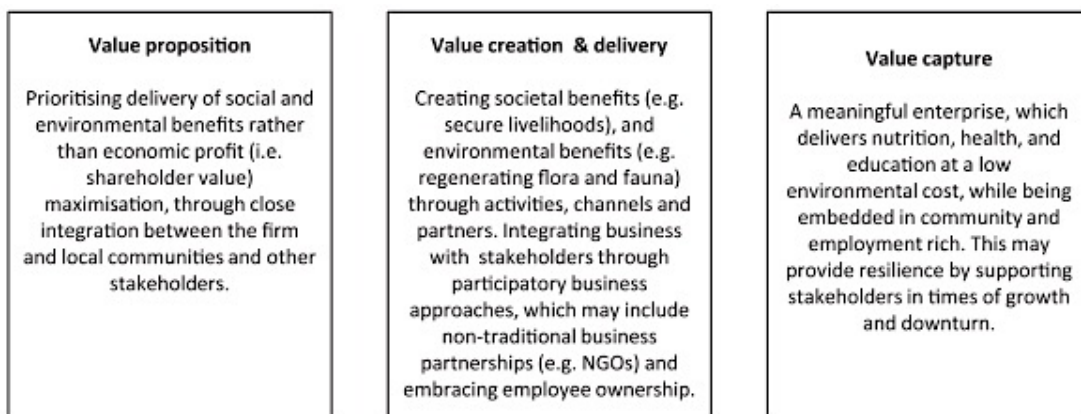


Figure 7. “Re-purpose the business for society/environment” archetype (Bocken et al., 2014)

In discussing this archetype, Bocken et al. (2014) discuss the social entrepreneurship phenomenon, reprising the study of Grassl (2012). Social enterprises distinct themselves in the value proposition, as they exist to fulfil a specific social mission. They are still “for-profit” enterprises (differently by non-profit organisations), but the profit motive is secondary to the delivery of the social mission; hence they are not generally profit-maximising. Hence, the business models for social enterprises are driven by a social mission which generates positive externalities (spillovers) for the society still, allowing these firms to gain competitive advantage through effective planning and management. Another example of business model is the one of non-profit organisations, which deliver similar benefits to social enterprises, but they do not pursue to make profits, as a matter of fact, they usually rely on external donors for carrying out

their activities. In addition, “hybrid” business models - between traditional business approaches and social enterprises - are worth to mention: they are a practical solution when two business entities coexist, one operating as a traditional for-profit business, but using part of the profit stream to finance a second not-for-profit enterprise (Bocken et al., 2014).

Beyond doubt, it is clear that this archetype, more than the others, is about changing the corporate structure for sustainability. Indeed, the more recent studies identify the B Corps (and Benefit Corporations) as a new sustainable business model included in this archetype (Ritala et al., 2018). As in-depth analysed in Chapter 3, B Corps “are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy”⁵.

The last archetype “**Develop scale-up solutions**” is built on several sustainability principles using combinations of the above-mentioned archetypes. Those have often small-scale results and, also, their sustainability principles (particularly those that encourage sufficiency and social enterprises) may limit their attraction to mainstream investors, and may inhibit aggressive growth strategies. Then, this archetype is introduced to specifically consider the scale-up of sustainable business models for large multinationals, even though usually it is likely to be new start-ups and small businesses to undertake more radical innovations.

The archetypes better adapt to approaches such as:

- Franchising and licensing, that may enable rapid replication with localised adaptation and local financing.
- Collaborative models, that rapidly scale up including peer-to-peer models, crowd-sourcing, and open innovation (Bocken et al., 2014). The aim is to join forces to radically change consumption patterns and production models across the world, also thanks to the Internet, most of all through sustainability incubators and crowd-sourcing platforms focused on sustainable initiatives (Ritala et al., 2018).
- The internet, alongside with other new information technologies, is considered s powerful enabler of such innovative scale-up approaches (Karlusch et al., 2018).

Finally, the “**Inclusive value creation**” archetype, subsequently added to classification by Ritala et al. (2018), is essentially built around sharing resources, knowledge, ownership, and wealth creation.

⁵ Source: www.bcorporation.net

Examples of business model included in this archetypes are peer-to-peer product-sharing platforms from Belk (2014), in addition to innovations at “the Bottom of the Pyramid” from Prahalad (2012), creating value for previously under-addressed user and customer segments. From their analysis emerges that “Inclusive value creation” archetype reflects the growing number of peer-to-peer and sharing models that create value for a broader customer base. As seen from the data analysed by the authors, this is an observable trend in start-ups, while it is not widely accomplished by large corporations. With an increasing number of former “sharing start-ups” bought by large corporations, there may be a rise in “sharing practices” in corporations, but it will take some time before these practices will become widespread (Ritala et al., 2018).

2.4 The sustainable business model pattern taxonomy

The one proposed by Bocken et al. (2014) is considered the basic classification of different kinds of Sustainable Business Models, however there are others. The ones that more focus on social issues, such as the ones by Dohrmann et al. (2015), Michelini and Fiorentino (2012), or Jenkins et al. (2011) are mentioned by Ritala et al. (2018), who highlight the overall lack of consolidation and some contradictions among the existing sustainable business models and their characteristics. In addition, they addressed the terminological barriers, since the reviewed literature nowadays refers to patterns, archetypes, exemplars etc. For these same reasons, Lüdeke-Freund et al. (2018), overcome the “archetypes” concept, reprising the “patterns” theory, developed by Alexander et al. (1977) and Alexander (1979).

Lüdeke-Freund et al. (2018) define a sustainable business model (SBM) pattern as follows: “A sustainable business model pattern describes an ecological, social, and/or economic problem that arises when an organisation aims to create value, and it describes the core of a solution to this problem that can be repeatedly applied in a multitude of ways, situations, contexts, and domains. A sustainable business model pattern also describes the design principles, value-creating activities, and their arrangements that are required to provide a useful problem–solution combination.” (p.148).

The aim is to provide a classification that, other than highlighting existing models and how they function, also clarifies the business and sustainability relationships of each sustainable business model. Hence, Lüdeke-Freund et al. (2018) identify 45 sustainable business model pattern, arranged into 11 groups and put into relation to 10 different forms of value creations (Lüdeke-Freund, Carroux, Joyce, Massa, & Breuer, 2018).

The 11 pattern groups identified are the following:

- **Pricing & Revenue Patterns:** Patterns that are focused for the most part on the revenue streams of a business model, that is how offerings are priced and revenues generated.
- **Financing Patterns:** Patterns that address the financing model within a business model, i.e., how equity, debt and operating capital are acquired.
- **Eco-design Patterns:** Patterns that integrate ecological aspects into value propositions and key activities. The focus is on how processes and offerings are designed to improve their ecological performance over their life cycle.
- **Closing-the-Loop Patterns:** Patterns that help integrate the idea of circular material and energy flows into value creation and delivery, that is how materials and energy flow through partnerships, key activities, and customer channels to finally return to the firm.
- **Supply Chain Patterns:** Patterns that modify the upstream (partners, resources, capabilities) and/or downstream (customers, relationships, channels) components of a business model. The focus is on how inputs are sourced and target groups are reached.
- **Giving Patterns:** Patterns that help donate products or services to target groups in need, focusing on how costs are covered and social target groups are reached.
- **Access Provision Patterns:** Patterns focused on accessibility, i.e. creating markets for target groups who previously lacked access to the offering. These involve modified value propositions, channels, revenue, pricing and cost models, that is how value propositions are designed, delivered, and to whom.
- **Social Mission Patterns:** Patterns that integrate social target groups in need, including otherwise neglected groups, either as customers or productive partners. The focus is on how customers, partners, and employees are defined and integrated.
- **Service & Performance Patterns:** Patterns that point out the functional and service value of products and that offer performance management, i.e., how value propositions are defined and delivered.
- **Cooperative Patterns:** Patterns that integrate a broad range of stakeholders as co-owners and co-managers. The focus is on how partners are defined and how the organisation is governed.
- **Community Platform Patterns:** Patterns that substitute resource or product ownership with community-based access to resources and products, focusing on how value propositions are defined and delivered.

These 11 groups are related to a particular form of value creation, as long as the authors used a “sustainability-triangle” to categorise sustainability problem–solution combinations. The sustainability triangle is divided into ten areas that address ten different forms of value creation to which the pattern groups can be associated with, as depicted in Figure 8 (Lüdeke-Freund et al., 2018).

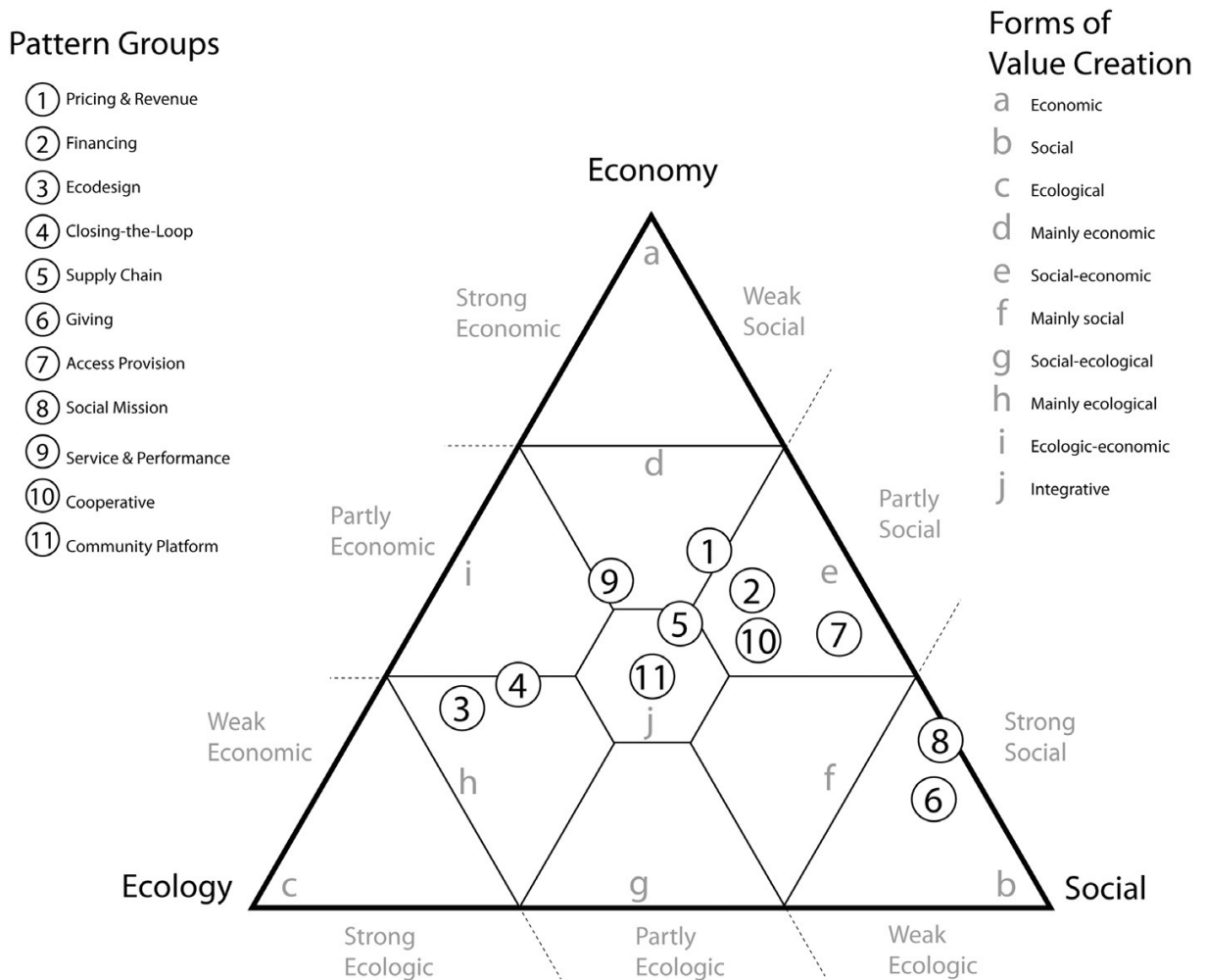


Figure 8. The sustainable business model pattern taxonomy at the group level (Lüdeke-Freund et al., 2018)

The specific 45 SBM patterns are listed instead in Figure 9. They are listed by the authors in a table view, in order to group them according the primary associated value creation, both at group and pattern level.

The sustainable business model pattern taxonomy (table view).

Primary associated value creation (group) ^a	SBM pattern groups	Associated value creation (group and pattern) ^b
Mainly economic	G1 Pricing & Revenue Patterns	Primary: mainly economic/ Secondary: social-economic
	P1.1 "Differential pricing"	Social-economic
	P1.2 "Freemium"	Social-economic
	P1.3 "Innovative product financing"	Mainly economic
	P1.4 "Subscription model"	Mainly economic
	G9 Service & Performance Patterns	Primary: mainly economic / Secondary: ecologic-economic
	P9.1 "Pay for success"	Mainly economic
	P9.2 "Product-oriented services"	Mainly economic
	P9.3 "Result-oriented services"	Ecologic-economic
	P9.4 "Use-oriented services"	Ecologic-economic
Social-economic	G7 Access Provision Patterns	Primary: social-economic/ Secondary: multiple
	P7.1 "Building a marketplace"	Social-economic
	P7.2 "E-transaction platforms"	Social-economic
	P7.3 "Experience-based customer credit"	Social-economic
	P7.4 "Last-mile grid utilities"	Social-economic
	P7.5 "Value-for-money degrees"	Social
	P7.6 "Value-for-money housing"	Mainly social
	G10 Cooperative Patterns	Primary: social-economic/ Secondary: none
	P10.1 "Cooperative ownership"	Social-economic
	G2 Financing patterns	Primary: social-economic/ Secondary: mainly economic
Social	P2.1 "Crowdfunding"	Mainly economic
	P2.2 "Microfinance"	Social-economic
	P2.3 "Social business model: no dividends"	Social-economic
	G6 Giving Patterns	Primary: social / Secondary: none
	P6.1 "Buy one, give one"	Social
	P6.2 "Commercially utilized social mission"	Social
	G8 Social Mission Patterns	Primary: social / Secondary: social-economic
	P8.1 "Expertise broker"	Social
	P8.2 "Market-oriented social mission"	Social
	P8.3 "One-sided social mission"	Social
P8.4 "Social business model: empowerment"	Social-economic	
P8.5 "Two-Sided Social Mission"	Social	
Mainly ecological	G3 Ecodesign Patterns	Primary: mainly ecological / Secondary: ecologic-economic
	P3.1 "Hybrid model / Gap-exploiter model"	Ecologic-economic
	P3.2 "Maximise material productivity and energy efficiency"	Mainly ecological
	P3.3 "Product design"	Mainly ecological
	P3.4 "Substitute with renewables and natural processes"	Mainly ecological
	G4 Closing-the-Loop Patterns	Primary: mainly ecological / Secondary: ecologic-economic
	P4.1 "Co-product generation"	Ecologic-economic
	P4.2 "Industrial symbiosis"	Ecologic-economic
	P4.3 "Online waste exchange platform"	Ecologic-economic
	P4.4 "Product recycling"	Ecologic-economic
P4.5 "Remanufacturing / Next life sales"	Mainly ecological	
P4.6 "Repair"	Mainly ecological	
P4.7 "Reuse"	Mainly ecological	
P4.8 "Take back management"	Mainly ecological	
P4.9 "Upgrading"	Mainly ecological	
Integrative	G11 Community Platform Patterns	Primary: integrative / Secondary: none
	P11.1 "Sharing business"	Integrative
	G5 Supply Chain Patterns	Primary: integrative / Secondary: multiple
	P5.1 "Green supply chain management"	Mainly ecological
	P5.2 "Inclusive sourcing"	Mainly social
	P5.3 "Micro distribution and retail"	Social-economic
P5.4 "Physical to virtual"	Mainly economic	
P5.5 "Produce on demand"	Mainly economic	
P5.6 "Shorter supply chains"	Integrative	

Figure 9. The sustainable business model patterns table view (Lüdeke-Freund et al., 2018)

This pattern taxonomy offers a comprehensive synthesis and consolidation of a large body of literature, as it is meant to boost innovation for modifying or creating new business models with a stronger orientation towards sustainability issues. Indeed, it has been developed as “a decision-making heuristic in business model development projects” (Lüdeke-Freund et al., 2018), but also as a design tool in combination with business modelling instruments, e.g. the canvas.

2.5 The triple layered business model canvas

2.5.1 A new tool for BMI

Chapter 1 discusses general business model innovation and business model canvas, the most used and popular tool worldwide. Joyce & Paquin (2016) linked it with triple bottom line concept, which has been defined in paragraph 2.1.3, creating a new tool, the “triple layered business model canvas” - also addressed as TLBMC - for supporting business model innovation by explicitly integrating environmental and social impacts through additional business model layers.

Oppositely from the archetypes approach, this is considered by the authors themselves as an “inside-out” approach to sustainability-oriented business model innovation: starting from the current elements in the organization, in order to explore the potential changes to the model. Indeed, the TLBMC is a recently theorized tool which extends the original Business Model Canvas (Osterwalder and Pigneur, 2010) by adding two layers: an environmental layer based on an environmental lifecycle analysis and a social one based on a stakeholder management perspective (Figure 10). As result, the new model is composed of three canvases that conceptualize and connect the three different types of value creation - economic, environmental and social - supporting a more holistic and integrated view of a business model. The TLBMC provides “horizontal” coherence within each layer for exploring the three types of value individually: the additional ones aligned the original (economic) canvas, by highlighting the interconnections which support environmental and social impacts separately. The model also provides “vertical” coherence, by drawing connections across the three layers, for unifying the organization's value creation, according to an integrated triple bottom line perspective.

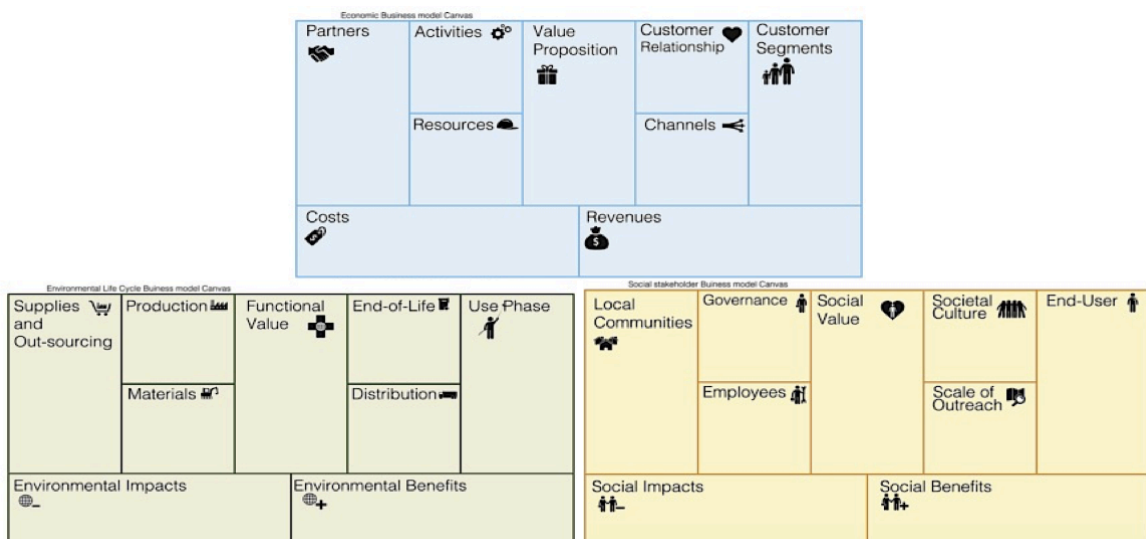


Figure 10. Triple layered business model canvas (Joyce & Paquin, 2016)

The environmental and social canvas layers are described in the next paragraphs. A description of the economic layer will be voluntarily neglected, as it coincides with the original business model canvas (Osterwalder and Pigneur, 2010), which has been already discussed in depth in paragraph 1.3.

2.5.2 The environmental layer

The environmental life cycle layer assesses how the organization generates more environmental benefits than environmental impacts. The aim is to detect the elements the firm should consider to improve when creating environmentally-oriented innovations. The nine components of the layer are described below (Joyce & Paquin, 2016).

- **Use Phase:** This block assesses the impact of the client's consumption/usage in the organization's functional value, or core product/service. This includes maintenance and repair of products (when relevant) and some considerations of the client's material resource and energy requirements through use.
- **Functional Value:** It describes the focal outputs of a product/service by the firm. It displays the quantitative description of either the service performance or the needs fulfilled in the investigated product system. Hence, the functional value is the total of outputs consumed by customers in a given time-frame such as a year.
- **Distribution:** The block involves the transportation of goods: including the transportation modes, the distances travelled and the weights of what is shipped, plus considerations about packaging and delivery logistics.
- **End-of-life:** The block deals with issues of material reuse such as remanufacturing, repurposing, recycling, disassembly, incineration or disposal of a product. The analysis of this component leads the organization to explore new ways to manage product's impact, through extending its responsibility beyond the mere value of its products. This is an opportunity to explore new business models such as product service systems (Mont and Tukker, 2006; Bey and McAloone, 2006) and industrial symbiosis (Paquin et al., 2013); and to meet the increasing policy regulations.
- **Environmental Benefits:** The block describes the ecological value the organization creates through environmental impact reductions and regenerative positive ecological value.
- **Materials:** This block is the environmental extension of the key resources component

from the original economic business model canvas. Materials refer to the bio-physical stocks used to render the Functional Value. For example, large amounts of physical (raw) materials for manufacturers, whereas assets and information technology for service organizations.

- **Production:** The focus here is on the activities that are core to the organization and which have a high environmental impact. It involves transforming raw or unfinished materials into higher value outputs for a manufacturer, while for a service provider it can involve running an IT infrastructure, logistics, using office spaces and hosting service points.
- **Supplies and Out-sourcing:** This refers to all the material and production activities that support the value creation but not considered “core” to the organization. Examples are water or energy supplied by local utility companies, which could come from in-house sources such as local wells and on-site energy production.
- **Environmental Impacts:** The component addresses the ecological costs of the firm's actions, rather than only the financial costs. Performance indicators are usually related to biophysical measures such as CO₂e emissions, human health, ecosystem impact, natural resource depletion, water consumption.

2.5.3 The social layer

The social layer is based on the stakeholder management approach, therefore it specifies the interests of an organization's stakeholders that come along with the economic gain of the company. Stakeholders are the groups of individuals or organizations that can influence or are themselves influenced by the actions of an organization. Generally, stakeholders are employees, shareholders, community, customers, suppliers, governmental bodies, the poor, and even non-human actors such as natural ecosystems (Miles, 2011; Post et al., 2002; Hart and Sharma, 2004). However, each organization may have specific stakeholders, depending on the context it operates within. Accordingly, the social business model canvas aims to capture the mutual influences between stakeholders and the company, and so the key social impacts deriving from those relationships. The nine building blocks of the layer are described below (Joyce & Paquin, 2016).

- **End User:** It's important to highlight that the end-user is not always the customer, as defined in the economic layer of the business model canvas, because the end-user is the

person who “consumes” the value proposition. Thus, this block deals with how the value proposition addresses the needs of the end-user, contributing to his/her quality of life.

- **Social Value:** It involves the aspect of an organization's mission that is focused on creating benefit for its stakeholders and society more widely. Creating social value is an important part of the mission of sustainability-oriented firms.
- **Scale of Outreach:** The block describes the depth and extent of the relationships builds with the stakeholders over time. This may include the idea of developing long-term, integrative relationships and the outreach of impact geographically. Also, the impact of how and whether the firm addresses societal differences such as locally interpreting ethical and cultural actions across different cultures and countries.
- **Societal Culture:** The component remarks the potential impact on society as a whole and how it can positively influence it through its actions.
- **Social Benefits:** The block represents the positive social value creating aspects of the firm's action. As with social costs, social benefits can be measured using a broad range of indicators.
- **Employees:** Employees are addressed as a core organizational stakeholder. Hence, this component includes elements, such as amounts and types of employees, and demographics i.e. variations pay, gender, ethnicity, and education within the firm. Also, there are included employee-oriented programs, such as training, professional development, additional support programs etc. However, it is suggested to focus only on the most relevant aspects that support the organization's business model.
- **Governance:** The block describes captures the organizational structure and decision-making policies. Therefore, governance defines which stakeholders are identified. Aspects of governance are ownership (e.g., cooperative, not-for-profit, privately owned for-profit, publicly traded for-profit) (Young, 2013), internal organizational structures (e.g., organizational hierarchy, functional, unit specialization) (Williamson, 1991) and decision-making policies (e.g., transparency, consultation, non-financial criteria, profit sharing) (Turskis and Zavadskas, 2011). Each of these influence how an organization may engage stakeholders in creating social value.
- **Local Communities:** Key Partnerships refer to business partners, while this layer takes into consideration the social relationships built with suppliers and their local communities. When interacting with communities, the developing and the maintaining of mutually beneficial relationships can deeply influence the company's success. If an organization has facilities in different countries, each community is to be considered as a different stakeholder with different cultural needs.

- **Social Impacts:** The block describes all the social costs of an organization. The most common indicators, as provided by Benoît-Norris et al. (2011), are working hours, cultural heritage, health and safety, community engagement, fair competition, respect of intellectual property rights; however, social costs depend on the nature of the organization: for this reason, one may find the need to create its own indicators.

The model has been intended as a practical tool for describing in details the sustainable business model of firms, comprehensive of all aspects of value. For this reason, the model will be resumed in Chapter 4 for analysing business model of D’orica, which is the firm that will be subject of the thesis’s qualitative research.

2.6 Summary of approaches

All the approaches to sustainable business model innovation are summarized in this final paragraph. The approaches chosen are considered the most relevant and complete in the literature and, for this reason, they will be reprised in the research section for analysing the sustainable business model of D’orica in Chapter 4.

They are of different types and they analyse the topic from different perspectives.

PERSPECTIVE	APPROACH	TYPE	AUTHORS
Outside-in	Archetypes (9)	Classification	Bocken et al. (2014); Ritala et al. (2018)
	Patterns (45)	Classification	Lüdeke-Freund et al. (2018)
Inside-out	TLBMC	Design tool	Joyce & Paquin (2016)

Table 5. Summary of approaches (Personal elaboration)

The attempted classifications of the sustainable business model archetypes (Bocken et al., 2014; Ritala et al., 2018) and patterns (Lüdeke-Freund et al., 2018) are defined by Joyce & Paquin (2016) both as outside-in approaches, as they encourage firms in exploring opportunities for innovation starting from different types of idealized business models. However, archetypes and patterns are based on two different logics. The archetypes are classified according one dimension: they describe groupings of mechanisms and solutions reporting to one of the three innovation types. The patterns, instead, provide a more in depth classification in order to highlight contamination: the focus is on interrelationship between the three innovation aspects.

The triple layered business model canvas discussed in paragraph 2.5, instead, is an “inside-out” approach as it is a useful tool for analysing the current elements of the business model and capturing new opportunities for sustainability-oriented changes.

Those three approaches will be used for discussing the sustainable business model of D’orica: first, the business model will be described through the three canvases (TLBMC) in order to address its elements and characteristics. Second, there will follow an attempt to classify D’orica according the archetypes and patterns approaches. This analysis will result in a complete examination of the sustainable business model of D’orica.

CHAPTER 3

B CORP AS A NEW SUSTAINABLE BUSINESS MODEL

3.1 Introduction to the B Corps

The literature and practice review about sustainable business models of Chapter 2 included also the phenomenon of the B Corps, that have been categorised as an example of the business model of the “Re-purpose for society/environment” archetype (Ritala et al., 2018). They represent a particularly new phenomenon, scarcely addressed by the sustainable business model literature, that is worth to be analysed, as it is increasing rapidly worldwide.

Hence, this Chapter will focus on a specific literature review on what are the B Corps, how the certification process work and how they implement this new form of sustainable business model.

3.1.1 What means being a B Corp

The B Corp is an emerging new form of sustainable entrepreneurship that contributes to solving social and environmental issues through the means of successful for-profit businesses.

The B Corp model is a tool for change, whose ultimate goal is to influence the business community and policymakers, not only for creating products and services that are successful in the marketplace, but also for integrating positive societal ends with business goals into the regular business practice. In fact, this innovative form of entrepreneurship is implemented by exploring a new form of business model, which integrates social and environmental goals ‘into the core of their business activities’, as matter of fact the economic success of these companies is strongly linked to their environmental and/or social performance (Stubbs, 2017c).

The B Corp sustainable way of doing business, indeed, encompasses the concepts explored in Chapter 2, i.e. social innovation, the triple bottom line of economic, social and ecological goals extract from the concept of sustainable development and Corporate Social Responsibility. So much as, the “B” stands for “benefit”, as benefiting workers, the community and the Earth.

As the official website “www.bcorporation.net” states “Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating

a global culture shift to redefine success in business and build a more inclusive and sustainable economy”⁶.



Figure 11. The B Corp logo (B Lab, 2018)

All those businesses form a community that aspires to solve society’s most challenging issues. The following strong statement expresses: “The B Corp community works toward reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high-quality jobs with dignity and purpose. By harnessing the power of business, B Corps use profits and growth as a means to a greater end: positive impact for their employees, communities, and the environment”⁷.

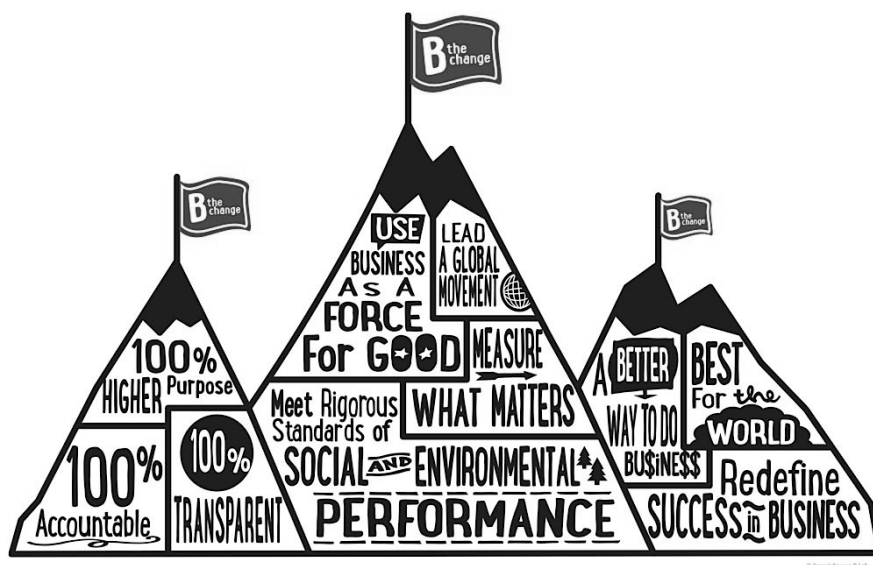


Figure 12. The B Corp definition (B Lab, 2013)

⁶ Source: www.bcorporation.net

⁷ Source: www.bcorporation.net

To be certified as a B Corporation, companies must undergo a strict and systematic certification process and amend its articles of incorporation to adopt B Lab's commitment to sustainability and treating workers well.

The B Corp Certification assesses the overall positive impact of firms, that must achieve a minimum verified score on the B Impact Assessment (BIA), which measures a company's impact on its workers, customers, community, and environment and it will be subject to further analysis in paragraph 3.2. Differently from other certifications systems that focus in just one aspect of the business, e.g. LEED for buildings and Fair Trade for products, the B Corp one provides a big picture evaluation (Honeyman, 2014). The assessment will result in the B Impact Report which is transparent on the official website of B Corps. Certified B Corporations additionally amend their legal governing documents so that the board of directors are constrained to balance profit and purpose.

The fact that firms' performance is verified by a third party, B Lab, along with legal accountability and public transparency build trust in the Certification and make it so much valuable.

3.1.2 B Corps and Benefit Corporations

A B Corp is a third-party Certified company by the non-profit B Lab, and it cannot be confused with a Benefit corporation which is a legal structure for a business, i.e. a type of corporate entity recognised by an increasing number of countries around the world.

Differently from traditional corporations, this new legal form of benefit corporations allows for-profit firms to pursue a social or environmental mission. This element is inconsistent with the traditional corporate law perspective of the majority of the sovereign States around the world according to a corporation's purpose is to maximize shareholders value. Hence, in 2010 in Maryland State (US) specifically, this new legislation passed for the first time to meet this need.

Some companies are both Certified B Corporations and Benefit Corporations, as the latterly mentioned structure fulfils the legal accountability requirement of B Corp Certification. As a matter of facts, the best way for companies to meet the Certification's legal requirements is to use the Benefit Corporations legal structure. Additionally, according to the corporate law of some States, peculiarly Delaware (US), adapting the Benefit Corporation legal status is the only way to meet the legal requirements for the Certification.

Again, B Lab certification has no legal standing, but, to maintain the certification, within three years (before 2018, it was two years) from the certification date a certified B Corp must become a Benefit Corporation if the country in which it is incorporated recognise it as a legal status.

Currently, it has been approved in 34 US States (while in 6 are converting), in Puerto Rico, Italy, Colombia, British Columbia and Scotland.

In Italy, for example, the Benefit Corporation legal form, addressed as “Società Benefit”, was created in 2016. So, Italian companies must become a Società Benefit within four years of the law's adoption (by January 1, 2020), or, if later, within two years of the company's initial certification, as the general rule⁸. It is relevant to underline that the achievement of the B Corp Certification does not imply directly the obtaining of the "Società Benefit" legal status. The latter, according to the law n.208/2015 ("Legge di Stabilità del 2016"), is achieved by including in the statute the indications provided by the law (Il Sole 24 Ore, 2016).

Around the world, there are plenty of examples of Certified B Corps that have met their legal requirement for the Certification by using the Benefit Corporation structure (such as Kickstarter, Method, Plum Organics among the others). But, there are also many other cases of Benefit Corporations that subsequently became Certified B Corporations because they felt the Certification had additional value, like the Patagonia case⁹.

What’s the Difference?

Issue	Certified B Corporation	Benefit corporation
Accountability	Directors required to consider impact on all stakeholders.	Same
Transparency	Must publish public report of overall social and environmental performance assessed against a third party standard.	Same*
Performance	Must achieve minimum verified score on B Impact Assessment. Recertification required every three years against evolving standard.	Self Reported
Availability	Available to every business regardless of corporate structure, state, or country of incorporation.	Available for corporations in more than 30 U.S. states, as well as Italy and Colombia**
B Lab	Verifying body and supporting 501(c)(3); offers access to the Certified B Corporation® logo, portfolio of services, and vibrant community of practice among B Corps.	Developed Model Legislation, works for its passage and use, offers free measurement tool to meet transparency requirements; no role in oversight.
Cost	B Lab certification fees from \$500 to \$50,000+/year, based on revenues.	No additional fee to create new benefit corporation; one-time filing fee of \$70–200 to convert existing corporation to benefit corporation.

Figure 13. B Corp and Benefit Corporation differences (B Lab, 2018)

From a sustainable business model perspective, which is the approach adopted in the drafting of this thesis, this distinction is irrelevant. Still, it is fundamental to highlight that, when

⁸ Source: www.bcorporation.net

⁹ Source: www.bcorporation.net

referring to B Corps, the certified firms are pointed out, for the reason that the Benefit legislation is not recognized in all countries worldwide.

3.1.3 The B Corp phenomenon

The B Corp Certification has been created, and also it is currently administered, by US non-profit organization B Lab, founded in 2006. However, the rise of the B Corporation is not to be considered the real origin of this model, but it can be contemplated as its formalization. For sure, lots of B Corps changed and adapted their business model as they wish to meet those sustainability requirements to obtain the Certification, but, as a matter of fact, the Certification is a formal recognition to an acknowledged reality for a number of companies that already carried out innovative sustainable business models for some time (Stubbs, 2017c).

It's relevant to highlight how the B Corp model can be implemented by any for-profit company of any sector and size. In fact, also particular types of companies, such as start-ups, large and public companies and those with related entities can aspire to obtain the B Corp Certification, even though with additional considerations and requirements, implying their potential to adopt this kind of sustainable business model. Still, another sign of dedicated effort of the B Corps to build a strong community is B Lab commitment to involve in the global movement also companies that do not fit the Certification requirements: they can join the B Economy by using B Lab's impact management and stakeholder governance tools. In this way, regular companies are encouraged towards a positive sustainable change¹⁰.

To understand the extent of the phenomenon, it follows a little review of the most recent sets of available data at the official website “www.bcorporation.net”.

The first 19 B Corps were certified in 2007. Nowadays, there are currently (as of September 2018) 2,655 Certified B Corporations, ranging from sole proprietors to multinationals across 150 industries in 60 countries. Those numbers are growing years after years and are expected to do so with an increasing fashion for the next decade. Currently, small enterprises represent the majority of the B Corps worldwide.

In August 2018, the actual European framework is illustrated in Figure 14.

¹⁰ Source: www.bcorporation.net



Figure 14. B Corps in Europe as of 30 August 2018 (B Lab, 2018)

In Italy (as of August 2018) we find the following numbers. Note that the majority is SMEs.

AREA	N. OF B CORPS
North	48
Centre	15
South	4
Isles	1
Total	68

Table 6. Italian B Corps in 2018 (B Lab, 2018)

3.1.4 Reasons behind the adoption of the B Corp model

Nowadays firms of all sizes are committed to achieving social purposes beyond philanthropy and on reporting their CSR performance as a means of accountability to stand out in the market. For companies that wish to certify their CSR achievements rather than simply publish self-reports, there are two main sources, i.e. B Lab and Global Reporting Initiative (Wilburn & Wilburn, 2015). Therefore, Global Reporting Initiative (GRI) helps businesses and governments worldwide to understand and communicate their impact on critical sustainability issues through the Sustainability Reporting Standards and Guidelines¹¹.

¹¹ Source: www.globalreporting.org

In general, the B Impact Assessment provides a judgment, via an objective and comprehensive rating, on how significant a company's current impact is. This is the B Corp Certification's value added, differently from GRI which just defines specific ways to report impact metrics, without providing a judgment on how significant that company's impact is. Additionally, there are organizations that rank companies' CSR initiatives, such as Dow Jones, NASDAQ and Ethisphere that publish annual lists of the most sustainable companies (Wilburn & Wilburn, 2015).

The B Corp Certification is indeed one option, but it is important to underline that B Corp is also considered an example of sustainable business model that allows company to capture value beyond the economic sphere and to communicate to stakeholders strong values and a real commitment, besides the company's sustainable value proposition (Stubbs, 2017a). The other alternatives above mentioned do not imply directly a possible set of adjustments or even more radical changes to the company's business model design but just provide a reporting system. B Lab effectively helps in establishing CSR goals and provides a method for accountability. Also, the reports, that are published on the B Lab Web site, provide an additional means of publishing CSR accomplishments (Wilburn & Wilburn, 2015). For instance, the B Corp Certification can be seen as a powerful vehicle to measure a firm's social innovation and sustainability. Still, beyond this, the B Corp model can be seen above all as a new kind of sustainable business model innovation.

Apart from the own desire to commit to a bigger purpose than just profit, why a company should become a B Corp and should be on the front line to change the traditional way of doing business? The reasons behind the choice to adopt a B Corp model are put in relation to Schaltegger's sustainable business case drivers (paragraph 2.2.3) discussed in Chapter 2. The drivers are sustainable variables which directly influence economic success. Hence, all voluntary social and environmental projects and activities can be analysed in terms of their influence on these drivers. Table 7 shows how the motives behind the adoption of the B Corp model can be attributed to the underlying drivers of business cases for sustainability.

The reasons for being a B Corp are stated in the official websites (www.bcorporation.net; www.bcorporation.eu), however they are supported by other works and studies of independent authors (Chew, 2015; Wilburn & Wilburn, 2015; Kim et al, 2016).

DRIVERS	REASONS FOR BEING A B CORP
Costs and costs reduction	Other than a reason for adopting the B Corp model, costs reduction is the first consequence to the implementation of the actions to achieve sustainability goals, promoting energy efficiency and waste reduction in the first place.
Risk and risk reduction	<p>Lead a movement: The B Corp community wants to change the global economic system, setting performance standards and legal structures for others following their lead. The final goal consists in the redefinition of the way people perceive success in the business world (Kim et al., 2016).</p> <p>Inspire investors: the strict standards required to be a B Corp show great company stability and huge quality of products and processes. Creating so much value for consumers and for the world, shareholders are less inclined to evaluating economic performance, and to put further investment for the long-term (Chew, 2015). Banks and other financial institutes need are reassured of companies' reliability and transparency.</p>
Sales and profit margins	Differentiate from competitors: Consumers are willing to pay a price premium for those products that are made by companies with CSR accountability. Nowadays, identifying those companies via the Web or Social Media is a very common behaviour and the B Corp Certification make this process easier (Wilburn & Wilburn, 2015).
Reputation and brand value	<p>Build relationships: Cooperation with subjects that share the same values, for involving an increasing number of actors in this global network.</p> <p>Amplify voice: Being a B Corp helps companies to stand out and stand by their mission. It also empowers other businesses alongside with individuals to confidently support it with their purchase choices. This means getting more exposure and adding demonstrational value with regards to peers, showing how an excellent company operate¹².</p> <p>Protect the mission: The Certification assures that a company is built on a solid legal foundation for the long term, reassuring partners and customers. The mission is protected through new management, new investors or new ownership. Also, the Certification is a reassurance of the reducing liability for directors and officers who will include the social mission when considering financial decisions.</p> <p>Stand apart from “greenwash” mass: Consumers want proof of what companies affirm. The B Corp Certification reassures all the stakeholders about the authentic commitment of the company (Kim et al., 2016).</p>
Attractiveness as an employer	Attract talent: engage mission-aligned talent and skilled staff. Millennial generation looks for a job in firms that truly “make the world a better place” (B Lab, 2018)
Capability to innovate	Improve impact: Maintaining the Certification every three years helps firms setting goals for improvement and tracking their performance. Also, measuring the own performance with the others' in the market and looking for a way to differentiate from them.

Table 7. Relation between sustainable business case drivers and the reasons behind the adoption of the B Corp model (Personal elaboration)

¹² www.rubiconglobal.com/blog-b-corps-reasons/

3.2 How the Certification process works

3.2.1 Steps to Certification

The B Corp Certification guarantees the positive impact of certified firms. It proves that a business is meeting the highest standards of verified performance, from supply chain to charity and employee benefits, embodying social and environmental goals into its products and operations. In other words, the Certification provides an objective measurement to the degree of integration of sustainable initiatives into the company’s business model. Plus, B Lab does not just prove a company’s excellence in the current period, but it commits you to consider stakeholder impact for the long term by integrating it into the company’s legal structure.

All the information required to undergo the certification process is provided by B Lab in its official websites “www.bcorporation.net” and “www.bcorporation.eu”. Here B Lab makes available a set of detailed guides and reports.

The process for certification a firm deals with is composed of 5 steps, depicted as follows in Figure 15 and described in Table 8.



Figure 15. Steps to Certification (Personal elaboration)

N.	STEPS	DESCRIPTION
1	Groundwork	Understanding the business case, and engagement of leadership and board to make the changes required.
2	B Impact Assessment	Measurement of the company's initial performances through the B Impact Assessment.
3	Meet Legal Requirements	The company is required to align its legal structure with the mission of the company.
4	Validation by B Lab	If the company’s score is up to 80 points, B Lab validates the result, as the company is eligible for the Certification.
5	Final Steps	Formalization of results and official commitment: signing of the Declaration of Independence and payment of fee.

Table 8. B Corp Certification steps (Personal elaboration)

3.2.2 Groundwork

As a matter of fact, as any kind of Certification, in general, it is a confirmation of a well-established reality that put into action the firm's purpose to do well. However, during the process of certification it is common for every company to go through a certain level of change, typically on a business model level, introducing or broadening sustainable elements. The reason can be attributed to the core of the Certification process i.e. the B Impact Assessment (also addressed as BIA) that is the evaluation of the overall impact of the company.

Still, before even beginning the Assessment, the company must be ready to start. First of all, understanding the business case and being aware to what extent the B Corp Certification could benefit the company are necessary. Second, the B Corp Certification process is comprehensive and will require a teamwork: the process requires that all people across the company are involved, both leadership and employees. Everybody may be asked for information required for the B Impact Assessment (B Lab, 2018).

It may occur that often companies do not make the 80-points threshold on their first attempt. As a matter of fact, the BIA is a scrupulous investigation that provides the certification with its value. But, given that improvement is a crucial aspect in many companies' journeys to certification, in its guide, B Lab's team of Standards Analysts provides the four top common changes companies need to make at the moment they decide to undergo for certification (B Lab, 2018).

- *Formalize policies:* The BIA prioritizes positive practices that are codified in company documents, thus more likely to be maintained over time. So, an effective way to improve the BIA score consists of formalizing in policy-documents the standards and practices already existing.
- *Track impact metrics:* Another way to improve the score is to track metrics, such as energy use, employee attrition or waste production, among the others and internal key performance indicators, that can be assessed as strengths.
- *Involve all the supply chain:* It is also necessary to consider the impact of the company's whole supply chain, in order to understand also the single supplier's (or distributor's) impact. All suppliers have to be involved in the improvement process.
- *Adopt a mission-aligned governance structure:* Meeting the legal requirement of B Corp Certification in advance can get a company to earn points.

3.2.3 The B Impact Assessment

Once the company is ready to start the Certification process, the first step is to measure the real value the company is creating for society. To do so, the free online instrument provided by B Lab is the already mentioned B Impact Assessment.

The BIA evaluates how the company's operations and business model impact all the stakeholders, grouped into the categories of workers, community, environment, and customers. In order to do so, the evaluation is made by reviewing day-to-day impacts of running the business and assessing the specific positive outcomes for one or more stakeholders that are created by the design of the business model.

- **Operational Impact:** measurement of the day-to-day impacts, such as the environmental impact of facilities, interaction with the local community, workplace, governance structure. This section is independent of business design or intent. The questions related to this type of impact aim at aligning with other best-in-class standards and they comprise other certifications (companies earn points for other certifications already obtained).
- **Business Model Impact:** Measurement of the specific positive outcomes originated from the intentional business model design. Such as products, beneficiaries, business processes or activities e.g. donations, being worker-owned etc.

Thus, the BIA results will draw attention to the company's strengths and weaknesses that can be improved. To progress with B Corp Certification, a company must reach a total verified score of at least 80 points out of 200 available on the BIA (B Lab, 2018).

The assessment is designed to be comprehensive and industry-specific: there are 130-180 factors depending on company size and industry that must be addressed. The B Impact Assessment is customized to a company's size, sector, and geographic market. This information will determine the questions that will be available to each specific company's assessment track (Wilburn & Wilburn, 2015). However, within those parameters, the BIA might still include irrelevant questions to a particular company. In this case, the potential points available for irrelevant questions are instead earned based on the performance of the company on the other relevant topics and summed up as "N/A points". Likewise, as the official B Corp website highlights, a score of N/A for Workers means that the company is a sole proprietor or a partnership with no full-time employees, and a score of 0 or N/A for Customers means that the company does not have a specific Customer-focused Impact Business Model.

Therefore, the evaluation of the company is made taking into consideration those 5 aspects illustrated below in Figure 16: governance, workers, community, environment and customers are called the 5 BIA "impact areas".

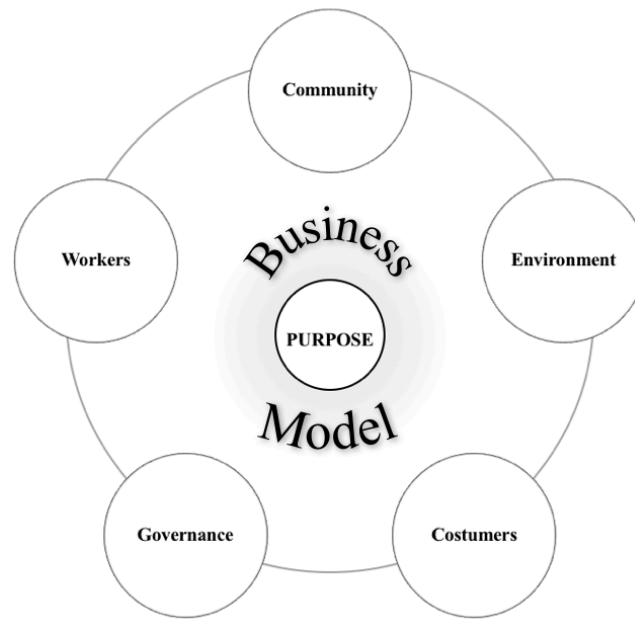


Figure 16. The 5 BIA “impact areas” (Personal elaboration)

- **Governance:** this section evaluates a company’s overall mission, stakeholders’ engagement, ethics, corporate accountability and transparency (B Lab, 2018). This evaluation includes employee access to financial information, customers’ opportunities to provide feedback, and the diversity of the company’s board of directors and anti-corruption mechanisms (Wilburn & Wilburn, 2015).
- **Workers:** this area assesses the company’s relationship with its workforce. It measures how the company treats its workers through compensation, benefits, training and ownership opportunities provided to workers (stock or stock equivalents). Moreover, it focuses on the overall work environment, including communication, job flexibility and corporate culture and worker health and safety practices (B Lab, 2018).
- **Community:** this portion evaluates a company’s supply chain relations, diversity, and involvement in the local community. Hence, it includes jobs created, clients served, diversity, social and environmental performances of suppliers and distributors, civic engagement and charitable giving, community service policy, plus positive societal outcome coming from a company’s product or service (Wilburn & Wilburn, 2015).
- **Environment:** this section evaluates a company’s environmental performance through its facilities (e.g. LEED certification), materials, the environmental impact of activities due to emissions and resource and energy use. It involves a deep evaluation of supply chain through questions about transportation and distribution channels. The assessment also measures whether a company’s products or services are designed to aid in the provision of renewable energy, conserve resources, reduce waste, promote land conservation, prevent

pollution. Finally, this area also addresses the company's aim to educate, measure or consult to solve environmental problems (B Lab, 2018).

- **Customers:** this area measures the impact of the company on its customers. This evaluates the direct impact of products or services, whether they promote public benefit and if those products/services are targeted toward serving underserved communities. Indeed, this area measures whether a company's product or service is designed to solve a social or environmental issue, e.g. improving health, preserving environment, creating economic opportunity for individuals or communities, promoting culture, or increasing the flow of capital to purpose-driven enterprises, positively impacting the supply chain (B Lab, 2018).

After completing the BIA, the results are shown in the overall B Impact Score. It is shown in comparison with the median score of ordinary businesses and with the threshold for certification. Also, it is parted into the 5 impact areas, whose points are allocated. This way the BIA assures full transparency, in order to have an exhaustive look at the current situation, both externally with regards to other enterprises and internally, highlighting the areas to improve. It follows the example of Patagonia, Inc., whose B Impact Report is displayed.

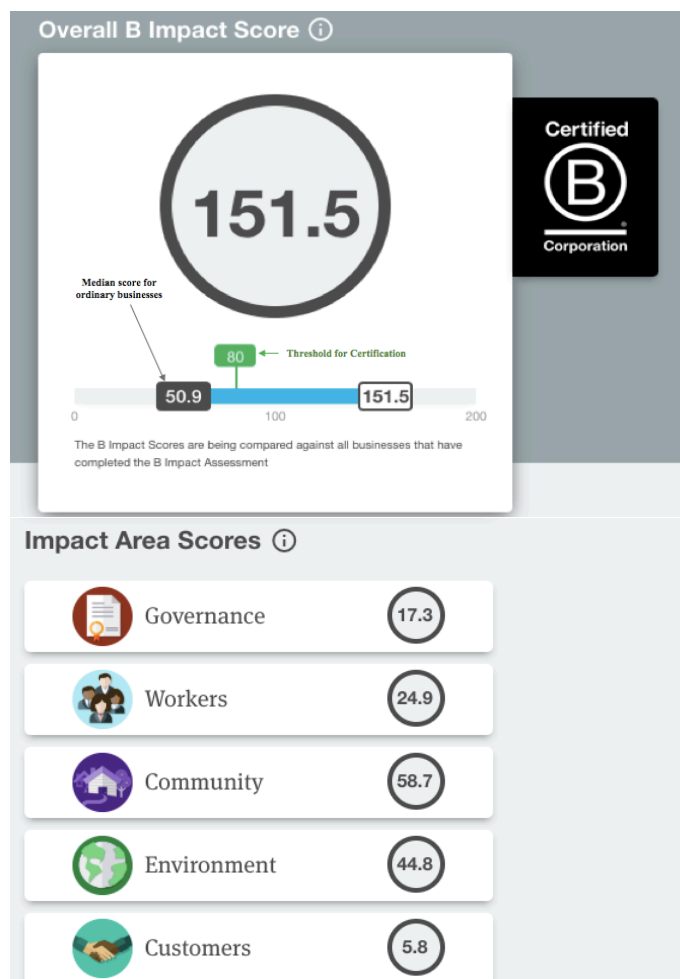


Figure 17. B Impact Report for Patagonia, Inc. (B Lab, 2018)

3.2.4 Meeting of legal requirements

The B Corp certification requires all companies to align their legal structures with their mission. Therefore, the adoption of the B Corp legal standards will allow to embody the company's values into its legal existence, obtaining legal protection and permission to consider nonfinancial stakeholders in decision making; moreover, the mission is protected through time changes, including changes in management or ownership.

Legal requirements differ among countries, States of incorporation and corporate structure.

In order to maintain B Corp certification, your company must become a Benefit Corporation or adopt a Social Purpose Corporation-equivalent status within two years after the company's certification date. If the company's State passes legislation after it has already certified as a B Corp, your company has to meet the legal requirement within the subsequent two-year certification term limit. Benefit Corporation legislation worldwide has been described in paragraph 3.1.2, highlighting its relation with the B Corp Certification.

Provided that Benefit Corporation status is unavailable but constituency status exists: corporations and LCC have to get their amended articles approved by both board of directors and shareholders, and file them with the secretary of state (B Lab, 2018).

3.2.5 Validation by B Lab

Eligible companies for the B Corp Certification achieve a score of 80 points or higher on the BIA. To officially certify, the company must undergo the following steps (B Lab, 2018):

1. *Submit the Assessment for review*, after having completed a Company Profile and the Disclosure Questionnaire
2. *Pre-Review Call Verification Report*: after completing the assessment, B Lab will schedule a review call with one of the Standards Analysts. Prior to the review call, the company is required to upload further supporting verification documents for a number of random questions, that will be subsequently used during the review call.
3. The *Review Call* lasts for 60-90 minutes and its aim is to ensure that questions are answered as intended and that the company's impact is being fully and accurately captured in the BIA. The Standards Analyst clarify the questions may make edits to the assessment, usually resulting in a score change (on average ± 10 points).
4. *Post-Review Call Documentation* required concerns questions about the company's Impact Business Model and the questions discussed on the call.

3.2.6 Final steps

Finally, there is the signing of the B Corp Agreement which includes the Declaration of Interdependence, i.e. a document outlining the values that define the B Corp community. The certification term is for three years, after that the company has to recertify. The basic reason is to state if the company still meets the strict requirements on both operational and business model level, and to understand if and how improvements occurred. As a matter of fact, the B Corp model is based on a perspective of continuous improvement. Also, the B Corp Agreement commits the companies to participate in a site review if selected (10% of the B Corps each year). The eventual site review provides additional assurance that a company's operations are accurately reflected in their B Impact Assessment.

Once the Certification is finalized, companies pay the annual fee, based on revenues.

In addition, transparency is pursued through the disclosure of a public profile with the company's score and impact report on the official site.

Finally, engagement in the global community is expected, by taking the example of shared stories and best practices to share the knowledge and strive to improve (B Lab, 2018).

3.3 A B Corp model characterization

3.3.1 A B Corp model framework

Having analysed the B Corp phenomenon and the Certification process, this section will deepen how B Corps implement sustainable business models to align profit with environmental and social positive impact.

Following the work of Stubbs (2017a), the characteristics of the B Corp model will be investigated in a sustainable business model perspective. In order to analyse these features, Stubbs (2017a) developed a particular conceptual sustainable business model as an analytical framework to analyse the B Corp model. This framework embodies the characteristics of the sustainable business model and the sustainable hybrid business model identified by the relating literature. In particular, Stubbs (2017a) refers to the following two models: "sustainability business model" (also addressed as SBM by Stubbs and Cocklin, 2008) and "sustainability-driven hybrid business model" (also addressed as SDH by Haigh and Hoffman, 2012, 2014). The two models were chosen as a conceptual "ideal type" of sustainable business model the first one, and the second as the most comprehensive discussion of the topic.

- **Sustainable business model** characteristics derived from the literature are embedded in the sustainability business model from Stubbs and Cocklin (2008), which is the result of a different approach to business model innovation for sustainability. Differently from the literature analysed in Chapter 2 which is focused on the internal side of the firm with a more practical and technical approach, an SBM encompasses both the systems-level perspective and the firm-level perspective. Indeed, Stubbs and Cocklin take huge consideration also of the socioeconomic environment, relying on a favourable taxation system and regulation supporting sustainability for business model design. They also add the cultural dimension to the organizational one (on which the most relevant literature focuses) in their characterization. Therefore, sustainable features in organisational designs, business processes and practices are identified as structural elements; while changes in attitudes, behaviours and value, which are intangible aspects, are identified as cultural factors. Some characteristics of the SBM can be achieved through internal organisational capabilities (at the firm-level), but also through changes in the external environment characteristics (at systems-level), e.g. access to renewable energy (Stubbs & Cocklin, 2008).
- **Sustainable hybrid business models** (recalling Haigh and Hoffman, 2012, 2014) capture value for firms' owners and create value for society through environmental benefits and social gains (Santos et al., 2015, as cited in Stubbs, 2017a). In fact, they combine elements of social welfare logic with traditional market logic, as they are in-between for-profit and non-profit. Particularly, the SDH has three fundamental objectives: to drive positive social and/or environmental change, to create mutually beneficial relations with stakeholders, and to influence the market, competitors and industry institutions (Haigh and Hoffman, 2012; Hoffman et al., 2012, as cited in Stubbs, 2017).
Social enterprises are considered sustainable hybrid business model, as they associate business and charity at their core. B Corps are themselves a recent form of sustainable hybrid business model (Stubbs, 2017a, 2017b, 2017c).

Hence, in Figure 18 the SBM and SDH characteristics are summarised and then integrated into the analytical framework characteristics of a conceptual business model, that Stubbs (2017a) used as starting point for analysing the B Corp model.

Analytical framework derived from the characteristics of the 'sustainability-driven hybrid' (SDH) and the 'sustainability business model' (SBM).

SBM characteristics	SDH characteristics	Analytical framework characteristics
Express vision and/or mission in terms of social, environmental and economic outcomes.	Socially and environmentally embedded mission.	Socially and environmentally embedded mission.
Organisations temper short-term financial outcomes so that social and environmental outcomes can be achieved. Profits are a 'means' to achieve sustainable outcomes.	Set aside the notion of profit as the dominant objective of the firm. Purpose is to create positive impacts.	Profit is not the dominant objective of the firm - temper short-term financial outcomes to achieve social and environmental outcomes.
Medium to long term focus. Patient shareholders.	Longer time horizons for patient, slower and more autonomous business development.	Longer time horizons for patient, slower and more autonomous business development.
Institutionalise sustainability in the business through communication, stakeholder education, leadership and champions.	Drives mission through positive, passionate and engaged leadership.	Institutionalise sustainability in the mission through positive, passionate and engaged leadership and champions.
Reduce negative impacts by taking responsibility for products throughout their lifecycle. Invest in social and natural capital.	Simultaneously reduce negative environmental/societal impacts and increase positive environmental/societal impacts.	Go beyond reducing negative impacts by investing in social and natural capital to increase positive environmental/societal impacts.
Internalise social and environmental impacts.	Internalise social and natural contexts.	Internalise social and environmental externalities.
Treat nature as a stakeholder. Practice environmental stewardship.	Value nature beyond its instrumental resource value and be environmental stewards.	Value nature for its intrinsic value and practice environmental stewardship.
Manage the organisation for the benefit of all stakeholders and share resources amongst stakeholders.	Create mutually beneficial relationships with stakeholders	Develop and maintain mutually beneficial relationships with stakeholders. Manage the organisation for the benefit of all stakeholders.
Lobby industry and government for changes to support sustainability. Influence suppliers, competitors, government agencies and communities.	Interacting progressively with markets, competitors and industry institutions.	Interacting progressively with stakeholders and the wider socioeconomic system to bring about change for sustainability.
Demand-driven model to reduce consumption.	Challenge the presumed need for perpetual economic growth	Challenge the presumed need for perpetual economic growth and increasing consumption.

Sources: Haigh and Hoffman (2012, 2014) and Stubbs and Cocklin (2008a).

Figure 18. Conceptual sustainable business model characteristics (Stubbs, 2017a)

Stubbs's (2017a) exploratory qualitative research was aimed to gain richer insights into the experiences of companies adopting the B Corp business model, through interviewing 14 Australian certified B corps. The characteristics of the B Corp business model are compared to the analytical framework derived from the characteristics of the SBM and the SDH, and they are grouped under four themes, emerged from the analysis of the data.

In summary, the characteristics of the analytical framework in the four areas are summarised as follow and listed in Figure 19.

- **Dominant objective: mission, purpose and leadership:** B Corps implement an economic business model selling their products in the commercial market and/or charging fees for their services to generate profit. However, their profit is driven by a social purpose and it is built through a sustainability-focused mindset, philosophy or set of values, that is social and environmental impacts are internalised throughout their product design and in all their decision-making. Indeed, while focusing on financial returns, profits are used to enable positive environmental and social outcomes, as mission and profit are integrated into the same strategy. As already discussed, the B Corp label provides validation for the leadership role in pioneering a social purpose business model, which is not to be considered as an internal driver, as the final goal is to drive change in the external environment, i.e. the business world (Stubbs, 2017a).
- **Measuring success: impacts, externalities (internalise social and environmental contexts) and economic growth:** B Corps seek to reduce their negative environmental and social impacts, e.g. emissions, waste and the use of chemicals, while increasing

positive ones through their commercial transactions, rather than through pro-bono or philanthropic activities. The certification assessment is built in a perspective of continuous improvement, enabling B Corps to benchmark their performance against global best practice models and peers. The assessment framework, indeed, is more than a certification process: it is a tool for improvement. In order to measure success, traditional financial metrics (e.g. number of clients, profits, sales, return on investment, internal rate of return), are important but the key ones are others that measure impacts in terms of employees' well-being, customers' satisfaction, public policy changes, environmental impacts reduction, and the number of people reached and educated. Also, positive societal impacts are increased through the B Corps' pricing models, measurement systems and approaches to distributing profits (common behaviour is reinvesting profits to increase the positive societal impacts rather than distributing to owners or shareholders). Finally, B Corps help other businesses to pursue social purpose, which amplifies their own impact (Stubbs, 2017a).

- **Stakeholders:** Differently from the traditional perspective shareholders or owners, as primary stakeholders, are considered equally important as the other stakeholders, even for public listed companies. B Corps are primarily responsible to their customers, employees and communities. B Corps may be feel responsible also to the business community, to share their experiences of doing business in a different, sustainable way. Plus, B Corps usually have policies for working with suppliers that are aligned to their values and may formalise policies for recruiting people that share same values and philosophy. As a matter of fact, transparency, collaboration and sharing within the B Corp community and the external environment are key principles. Finally, the characteristic of “nature as a stakeholder” did not find evidence in the study by Stubbs (2017a), although there results some evidence of environmental stewardship (Stubbs, 2017a).
- **Influencing sustainability agenda: institutional work:** The B Corp movement aims to influence markets, policy makers and industry institutions. However, as resulted from the research conducted by Stubbs (2017a), many B Corps are engaging in making the B Corp model “mainstream”, through awareness-building, education, advocacy and lobbying. So, B Corps invest in education of and communication to the business community, to investors and the media (Stubbs, 2017a).

Characteristics of a sustainable business model (from Table 2)	B Corp characteristics
<p>Dominant objective: mission, purpose and leadership Socially and environmentally embedded mission.</p> <p>Profit is not the dominant objective of the firm - temper short-term financial outcomes to achieve social and environmental outcomes.</p> <p>Longer time horizons for patient, slower and more autonomous business development.</p> <p>Institutionalise sustainability in the mission through positive, passionate and engaged leadership and champions.</p> <p>Measuring success: impacts, externalities and economic growth Go beyond reducing negative impacts by investing in social and natural capital to increase positive environmental/societal impacts.</p> <p>Internalise social and environmental externalities.</p> <p>Challenge the presumed need for perpetual economic growth and increasing consumption.</p> <p>Stakeholders Develop and maintain mutually beneficial relationships with stakeholders. Manage the organisation for the benefit of all stakeholders.</p> <p>Value nature for its intrinsic value and practice environmental stewardship.</p> <p>Influencing sustainability agenda: institutional work Interacting progressively with stakeholders and the wider socioeconomic system to bring about change for sustainability.</p>	<ul style="list-style-type: none"> • Profit with a purpose. • Help to create a better world for current and future generations. • Not focused on maximising short-term profits, but on positive societal impacts and making a difference. • Focused on the social purpose of the business, regardless of their level of profitability; it is intrinsic to the business model. • No explicit focus on long time horizons but not focused on short-term profitability. • Work with leaders in sustainability. • Provide thought leadership around new areas of sustainability. • Create positive social and/or environmental outcomes and impacts through an integrated, not differentiated, model. • Reinvest profits in their products and services to grow their businesses to enable them to increase their positive societal impacts. • Internalise impacts into the business model, which is underpinned by a sustainability-focused mindset or philosophy or set of values. • No explicit challenge to economic growth. However, focused on impact rather than economic growth. • Grow the business to allow them to increase their societal impact. • Work closely with stakeholders to reduce negative impacts. • Shareholders are not considered as more important than other stakeholders. • No explicit acknowledgement of nature as a stakeholder. • Support principles of environmental stewardship. • Lobby government for initiatives to support B Corps working individually and with others to drive policy changes. • Advocacy activities to promote the B Corp values and model and educate people about a better way to do business.

Figure 19. The B Corp model characteristics (Stubbs, 2017a)

3.3.2 Research questions

Starting from a literature review of sustainable business model topic in general, the analysis of this Chapter have deepened the B Corp model, which is considered as the most recent and expanding sustainable business model example of the last years. The increasing of the phenomenon is capturing the attention of the academic world in analysing this new sustainable entrepreneurial approach, but a robust body of literature about the B Corps from a business model perspective is missing. In particular, from the analysis developed so far in this thesis, the lack of a direct investigation into the connection between the B Corps and the sustainable business model theory emerges.

Even though little and very recent research exists, as pointed out in Chapter 3 discussing the approach by Stubbs (2017a), further research is needed since more and more companies of each size around the world are approaching the B Corp model and an increasing number of countries are recognising them, including the Benefit Corporation legal status into their corporate law. It is, however, a good starting point for linking the classical body of literature to the new B Corp phenomenon.

Therefore, the research question for the empirical work is how a sustainable business model design and implementation is enhanced by the B Corp Certification process and to what extent.

Indeed, the purpose is to examine if a B Corp model can be considered as an integrated form of sustainable business model: even if each B Corp is a unique case, addressing sustainability with different degrees of social and environmental impacts, the BIA boost for taking into consideration also the ignored aspects, providing a holistic sustainability orientation in business model design.

Through a qualitative research, this thesis is aimed to describe the case of D'orica reprising the concepts investigated and using the tools analysed into empirical reality. In addition, the aim is to provide ulterior evidence of the theory and to unify the different perspectives in a comprehensive analysis of the sustainable business model of D'orica, a Northeast Italian SME company certifying as B Corp. In this way, it will be explained how D'orica enhanced its sustainable business model during the B Corp certification process. Also, it will be described how the B Corp model upgrades the characteristics of the sustainable business model and provides guidance to the company for addressing those previously neglected sustainability issues.

CHAPTER 4

THE CASE OF D'ORICA

4.1 Methodology

4.1.1. Empirical settings

The aim of this work is to examine how a sustainable business model for B Corp is implemented, highlighting how environmental and social issues are addressed in the company's business model. Given the research questions aimed at examining how a sustainable business model is enhanced by the B Corp Certification process and to what extent, can we consider the B Corp model as an integrated form of sustainable business model?

This analysis has been conducted linking the sustainable business model literature with the B Corp framework, in order to attempt to use the different tools analysed and coordinate the different perspectives to investigate in depth the case of a particular company. The company choose for the empirical research of this thesis is D'orica Srl SB. It is a particularly relevant case as it represents a case of excellence of the Northeast Italian landscape of manufacturing SMEs. D'orica is a successful company, in which CSR is embedded in its own identity since the setting-up of the business. Moreover, new innovative paths undertaken by the company in these times are oriented towards a revolution of the luxury market. The company has recently become a Benefit Corporation – an Italian “*Società Benefit*” – and it is certifying as a B Corp, an ambitious process due to the peculiarity of the company and industry (D'orica is the first certifying company in Europe of its industry). For this reasons, also B Lab Europe is putting particular interest and involvement in the certification process.

In this Chapter the case study is used as a research method for exploratory research, as pointed out the need for further examination of the research questions. So, the case study tool is the best option to investigate the phenomenon in its context allowing to retain the holistic and meaningful characteristic of this real-life, contemporary event, as pointed out by Yin (2003).

The analysis of a single case study, about D'orica in this case, exploits the opportunity to explore the significant phenomenon discussed, i.e. the B Corp Certification process under unique circumstances, as unique each company is.

For certain, multiple cases create more a robust theory, as they enable broader exploration of research questions and theoretical elaboration, through varied empirical evidence. Therefore, the main limitation of the method chosen – of the single case study – is the fact that it provides little basis for scientific generalization (Yin, 2003). However, each B Corp represents a singular case which concentrates at a different degree to distinct sustainability aspects in their business model and in their mission. Nevertheless, the goal of this work is to provide evidence of the environmental and social aspects of the business model implementation of a B Corp, as highly discussed in the literature.

In order to provide validity to the case study of D'orica, multiple sources of evidence have been employed and integrated into the designing of the case. The **data sources** comprise:

- Interviews
- Conference's speeches
- Documentation of various type

4.1.2 Interviews

As suggested by Eisenhardt & Graebner (2007), when dealing with interviews, usually with people involved in the company, it is to approach data collection for limiting bias. The key approach indicated consists of using different and highly knowledgeable informants who view the focal phenomena from diverse perspectives (Eisenhardt & Graebner, 2007). In this way, the main source of information for the empirical research comes from the interviews I conducted on October 23rd 2018 at the company's headquarters with Giampietro Zonta, founder and CEO of D'orica, and Andrea Strano, head of Marketing and Communication of the company. The perspective of Giampietro Zonta is central, as he reflected into the company his values and his mind-set, shared with his wife who founded the company with him. On the other hand, the perspective of Andrea Strano should be viewed as interesting as he is part of the company for 8 months (as of October 2018) which is a limited period of time, making him an important source of a different point of view. In addition, Andrea Strano was a researcher who studied the company for 9 months (from June 2017 to March 2018), before being employed, hence his viewpoint of the company is even more valuable given the fact it reflects partly his first mere academic outlook.

The interviews' questions had an open-ended nature, and they are to be considered mainly as guided conversations. Prior informants' consent, the interviews have been taped and transcribed. Generally, the topics discussed deal with two main categories: the B Corp Certification process and the business. The aim was to gain better information about first the

feelings toward the certification and the consequences incurred, and second about the company in general, particularly about its business model and sustainable impacts. Table 9 provides further information about the interviews conducted.

INFORMANT	INFORMANTS' TITLE	DURATION	LOCATION
Andrea Strano (A)	Head of Marketing & Communication (8 months)	2 hrs 40 min	D'orica headquarters
Giampietro Zonta (B)	Founder & CEO (29 years)	1 hrs 20 min	D'orica headquarters

Table 9. Interviews outlook (Personal elaboration)

4.1.3 Conference's speeches

On October 25th 2018, I have attended the Strategy Information Forum (SIF) conference of Ca' Foscari University in Venice, where I witnessed the workshop about CSR. The conference provided general insights into sustainable trends of the local firms among different industries, highlighting their way to address sustainability impacts. In particular, an increasing curiosity and awareness of the B Corp topic have emerged.

Among the several histories of *best practices* in the Veneto area, Andrea Strano presented the company (25 minutes) while the founders of D'orica Giampietro Zonta and his wife Daniela Raccanello gave a speech (45 minutes) about the successful initiatives carried out and focusing on the reasons behind them. During their speeches, further relevant information emerged.

4.1.4 Documentation

The information collected through interviews and speeches are supported by a solid documentation database, used to augment evidence and provide other specific details (as indicated by Yin, 2003). It includes:

- Websites of the company and related brands and projects: www.dorica.com; www.filosofare.com; www.setaetica.it; www.treesure.com. The websites are also the sources of the images used in this Chapter.
- Brochures for the last three years (2016, 2017 and 2018) provided by the company at my visit to the headquarters.

- Reports: “Our commitment” for 2016 and 2017, available as PDF document in the official website of D’orica in the “Responsibility” section (as of October 2018).
- Newspapers and other articles in mass media: magazine articles from www.preziosamagazine.com; journal articles and blog from www.energitismo.com; newspaper articles from www.ilgazzettino.it, www.rep.repubblica.it, www.sole24ore.com, “Il venerdì di Repubblica” (n.1497).

The multiple sources of evidence permitted data triangulation as events and facts are supported by more than a single source of evidence, allowing to properly answer the research questions of the empirical research.

4.2 The history of D’orica

4.2.1 The company’s identity

D’orica is an Italian goldsmith atelier founded in 1989 in a niche of Vicenza’s gold- and silver-working district. Nowadays, after almost 30 years into the business, the company is still run by its founders, married couple Daniela Raccanello, designer and creative mind, and Giampietro Zonta, CEO and entrepreneurial spirit.

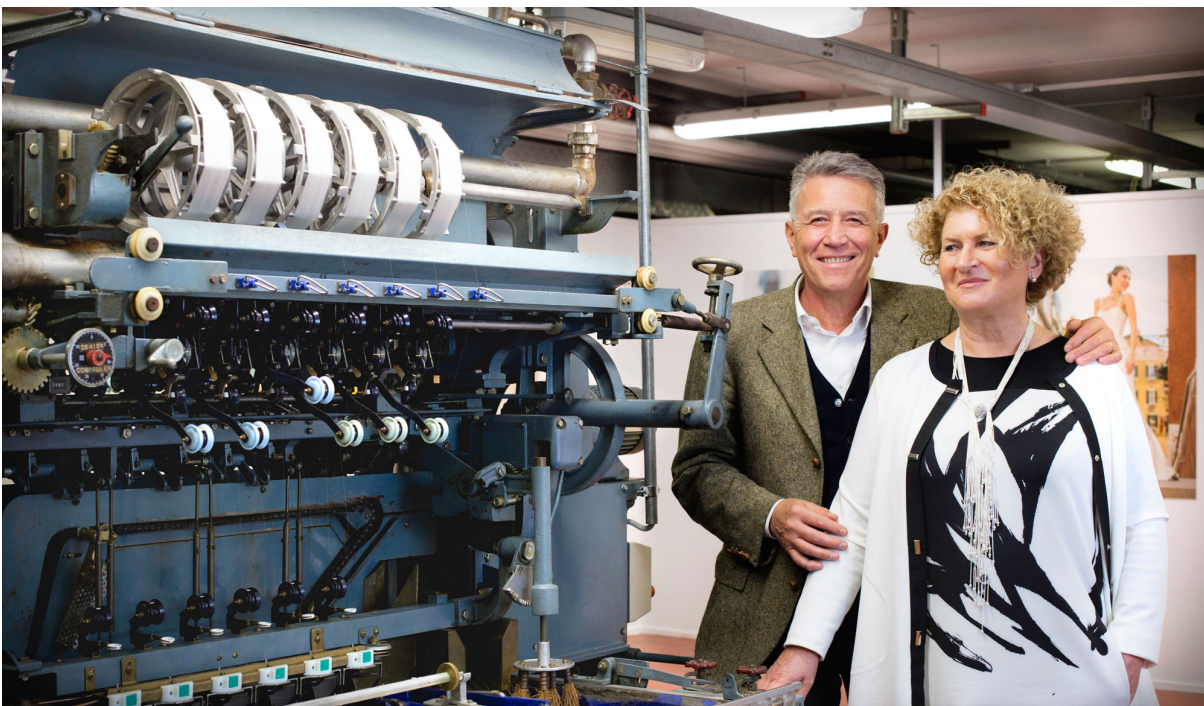


Figure 20. The founders and owners of D’orica (Seta Etica, 2018)

D'orica produces since the beginning sophisticated tailor-made jewellery of gold, and two years after the first experiment featuring silk thread, this year the company introduced also a collection made of gold along with Italian silk of the highest quality, creating two new brands. The philosophy of the company is very clear: an extreme attention to people, from the employees to customers, is the heart of the business, as the company states in its website: "Each of our jewels expresses the authenticity of an ethical vision based on respect and responsibility, sustainability, and a transparent production process". This attitude is evidently expressed in the company's way to do business.

When they founded the company, the owners desired to carry out all the stages of the production process in the geographical area nearby the company, to keep in daily contact with all suppliers and external agents who have a role in the production process of D'orica jewellery. Nowadays, after years of growth and internal improvements, D'orica can claim to carry out almost the 100% of internal production, with the exception of material resources purchase and a very specific step for the silk manufacturing (Informant A). As a matter of fact, the company follows every stage of the creative process. As the company's official website declares, "All processes are carried out either in-house or in trusted laboratories across the territory, who can ensure the in-depth knowledge of every step, care for every detail, and professionals who can create top-quality products".

Moreover, a peculiar characteristic of the company, which could be considered as a unique success for a manufacturer, is that all products that exit the company have already been paid. Contrary to Italian business practices, advanced payments are a huge achievement. This payment method was strongly aspired by CEO Giampietro Zonta because D'orica produces only on commission, and his first concern was to guarantee financial stability to his family and employees, lowering the risk. This is also the main reason behind the decision to turn to the global market, in fact D'orica sells 95% of its products abroad (Informant A and B).

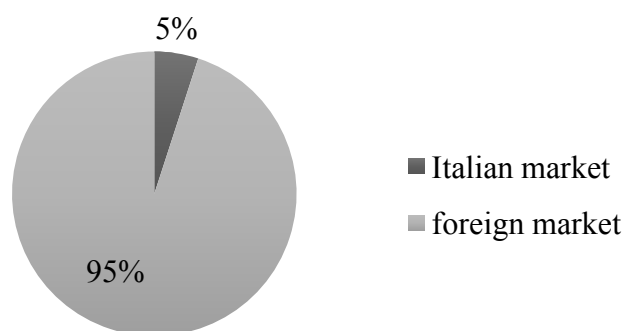


Figure 21. Target market of D'orica as 2018 (Personal elaboration)

One day of Summer 2014 Daniela Raccanello was assembling new materials in a creative process. At D'orica, they define themselves as “gold tailors”, hence it was simple for the designer to think about a combination of gold and yarn: first, the cashmere was chosen. However, it was not the perfect material, so she thought about silk. Soon she and her husband realized that an Italian silk did not exist anymore, and, after realizing that everything they need was in the local area, the Italian “The Ethical Silk Road” project began with D'orica deciding to enter the textile industry¹³. Indeed, after 50 years of absence, D'orica has re-established silk production in Italy, restructuring the entire production cycle. This has been an ambitious and challenging project that restored the entire silk supply chain in the Veneto area, involving a huge number of actors, following D'orica's lead. It is relevant to mention that the project was selected by the European Commission in 2015 to obtain best practices for the Community Research & Innovation sector, to be disseminated to companies across Europe¹⁴.



Figure 22. Reeling of silkworms (Filosofare, 2018)

For its part, having invested in the local silkworms rearers for years, D'orica is committed in the purchase of first quality silkworms that are worked in their atelier recalling the ancient traditions of Venice. The result is a top quality material used for innovative creations that have a modern and unique fashion approach. As a matter of fact, D'orica registered his international trademark **Filosofare®** for costumers to recognize 100% Made in Italian certified ethic silk, rigorously produced respecting the environment and people, exclusively for the **Treasure**

¹³ Source: D'orica brochure for 2016 (story by Alessandro Zaltron) and Daniela Raccanello's speech at SIF

¹⁴ Source: <http://barbaraganz.blog.ilsole24ore.com>

branded jewels. The ambitious plan is to make Filosofare a spinoff company from D'orica, maintaining the values and philosophy, with Treasure being a brand result of two companies manufacturing respectively gold and silk (Informant A).

Therefore, in 2018 D'orica has officially diversified its production and the company now sells two types of product to different target markets, as it will be deepened in paragraph 4.3.

1. **D'orica gold jewels:** customized products that are manufactured on order by wholesalers, who know the tastes and features requested by their clients. The 75% of the jewels sold bring the D'orica brand, upon customers' request (Informant A and B). So, D'orica serves a B2B international market: over 20 countries.
2. **Treasure gold and silk jewels:** luxury innovative jewels – a hybrid between a gold traditional jewel and a high fashion accessory - sold directly to jewellery shops: B2C market (Informant A).

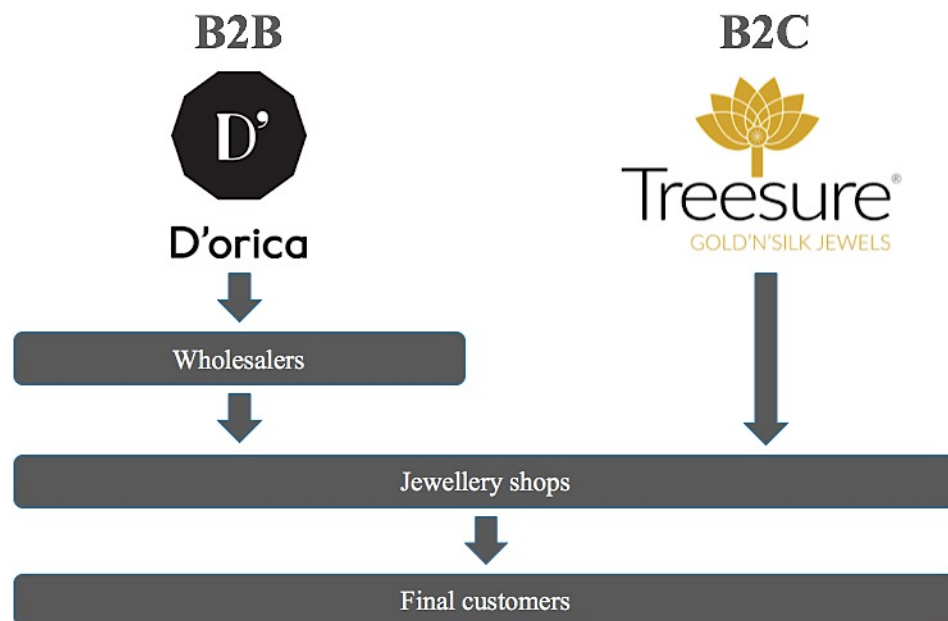


Figure 23. The target market for D'orica (Personal elaboration)

For all these reasons, the company has distinguished itself over the years in the international market, seeing an increasing affirmation of its products. Indeed, D'orica mission is expressed in the choice of becoming a point of reference for the sector¹⁵.

¹⁵ Source: www.dorica.com



Figure 24. On the left: D'orica gold jewels (D'orica, 2018), and Figure 25. On the right: Treasure gold and silk jewels (Treasure, 2018)

4.2.2 D'orica becomes a B Corp



Figure 26. D'orica will be a B Corp (D'orica, 2018; B Lab, 2018)

D'orica founders not only brought their entrepreneurial and creative skills but also their philosophy of life and strong ethical vision within their company. D'orica strives to provide top-quality products and services, but the business distinguishes itself by its foundation on respect, social responsibility, sustainability and transparency of the jewellery-making process. The company focuses on people's needs, respecting the environment, taking care of the resources, reducing consumption and waste. Additionally, they are committed to training and knowledge-sharing initiatives, to share the expertise and ethical values embedded in their work. Hence, the need to certify as a B Corp to demonstrate a well-established reality. Since 2017 D'orica has been aligning itself with the B Corporation movement, undertaking the B Certification process. This represents a proof of both D'orica's different way of doing business and its real commitment to become a company which contributes to the well-being of society¹⁶.

¹⁶ Source: brochures for 2017 and 2018

Even though critical delays to the B Corp Certification process, on October 1st 2018 D’orica becomes a *Società Benefit*, officially announced at the SIF on October 25th 2018.

4.2.3 D’orica captured trends and opportunities

Behind D’orica’s success there is for sure the fact of being forever true to itself in finding alternative approaches with “a large dose of courage and a hint of well-placed madness”, as declared in the brochure for 2018. However, also the ability to anticipate market trends played an important role.

The international scenario in the last years has been providing, more than ever, to Italian goldsmith firms new opportunities to grow on domestic and foreign markets. The jewellery sector is growing worldwide. Among the positive factors related to growth – that involve both luxury and affordable categories – D’orica totally embraced the following ones¹⁷:

- Technology is driving change. Crossovers into sectors like fashion can create new businesses, also through combining materials and techniques.
- In design, authenticity, personalisation, co-creation and storytelling are key factors. Buyers are looking for ways to customise jewellery.
- Sustainability is becoming a hot topic in all sectors: companies are required to be engaged in social responsibility and environmental initiatives.
- “Made in” labelling appeals to customers: the renowned origin of products is forever a value adding feature (Italy’s fine jewellery tradition, among the others).

D’orica, for its part, is proving its ability to capture these trends and opportunities, including several innovations in its business model design, not only from a mere economic perspective, but also from a sustainable point of view. D’orica business model is characterized by a precise Value Proposition which represents an excellence offer, typical of Italian craft jewellery, but with exclusive and top-quality adding features. In order to create such value, D’orica organizes its productions around a 100% Made in Italy supply chain, involving partners from the community and sharing technology innovations with them.

¹⁷ Source: www.cbi.eu/market-information/jewellery/trends

4.3 Business Model of D’orica

4.3.1 The traditional approach

This section illustrates the traditional approach of the business model for D’orica, represented by the business model canvas, from a mere economic perspective.

First, it follows a picture of the schematic illustration of the company’s economic business model. Subsequently, a detailed explication of the nine building blocks is described.

Key Partners 100% Italian silk supply chain Fashion designer Alberto Zambelli for FW18/19 edition of Milano Unica	Key Activities 100% in-house production	Value Proposition Tailor-made jewels of gold and 100% Made in Italy silk Value added by: <ul style="list-style-type: none"> • Top quality • Innovation • Design • Brand 	Customer Relationship Personal assistance	Customer Segment For gold jewels B2B market (+20 countries) For Treasures jewels luxury market B2C
	Key resources <ul style="list-style-type: none"> • Building, high tech machines • Knowledge, expertise, patents • HR: highly-skilled staff 		Distribution <ul style="list-style-type: none"> • Wholesalers for gold jewels, retailers for Treasures • Awareness and evaluation: shows, exhibitions 	
Cost structure <ul style="list-style-type: none"> • High costs of materials, manufacturing • Energetic savings from renewable resources & waste reduction 			Revenue Streams <ul style="list-style-type: none"> • Advanced payments (prior to delivery) • List price ± adjustments due to customized features 	

Table 10. Economic business model canvas of D’orica (Personal elaboration)

D’orica reaches and serves a niche market that pursues top quality and the true Made in Italy. In order to identify the company’s **Customer Segments**, it is relevant to distinguish two different markets:

1. For D’orica-branded gold jewels, the company serves mainly a B2B market, selling its products on commission to wholesalers, who know perfectly their own clients’ tastes and order customized products (gold colour, carat and amount). The 75% of these gold products are D’orica-branded, as a denotation of quality assurance. The remaining 25% of products are sold with the brand name of the jewellery that is wholesaler’s client (D’orica is a contractor). D’orica exports 95% of products abroad¹⁸: international customers are from over 20 countries, among which Emirates, Turkey, Malesia, Hong

¹⁸ Source: www.preziosamagazine.com

Kong, Singapore, Indonesia, USA, Dubai. The initial approach was oriented towards foreign markets for two main reasons: to diversify markets and because of the difficulty of having advanced payments of output contrary to Italian practices (Informant B).

2. For gold and silk jewels branded Treesure, the company serves a B2C market, selling directly to the final customers, i.e. jewellery stores. Given the high value, and the entry in the luxury world, the company at present aims to sell its gold and silk products in less than 20-30 stores in the world, in order to enhance exclusivity (Informant A).

D'orica produces sophisticated tailor-made jewels of gold and gold with 100% Made in Italy silk of the highest quality, that are capable of transcending time and trends, being something very precious. The **Value Proposition** is characterized by a mix of elements that make it stand out among competitors. Those qualitative elements are the following:

- *Newness*: an innovative combination of materials (gold and silk) and techniques. This is the main differentiation element, along with the continuous evolution of the offering: the adoption of new and futuristic solutions in terms of style and technology.
- *Customization*: people at D'orica define themselves as “gold-working tailor” as they provide tailor-made creations with needle and gold thread. The jewels features are customized, starting from a standard product to meet the customers' needs, often coming from cultural aspects, e.g. different carats for different countries (Informant B).
- *Design*: Distinctive feature. Each jewel is the result of a long process made of analyses, research, experimentation, result of craftsmanship associated with the use of sophisticated and accurate machines.
- *Brand/status*: the brands are themselves indicators of excellence, reliability and true Made in Italy luxury. Both Treesure and Filosofare have been thought in this way, whereas D'orica became this type of brand abroad without the company's knowledge (Informant A and B).

Going into the **Channels**, D'orica collections are available to jewellery shops around the world.

The 5 Channel phases take place in this order:

- *Awareness and evaluation*: events, shows, exhibitions especially in Italy, all managed by IEG (Italian Exhibition Group): e.g. VicenzaOro and Gold/Italy (Informant B).
- *Purchase and delivery*:
 - D'orica gold jewels are distributed by wholesalers to their clients, the retailers i.e. jewellery shops; however, some wholesalers own stores their own stores. Wholesalers are mainly foreign (95%).

- Treasure gold and silk jewels are sold directly to the jewellery shops: the choice is to have a small number of shops worldwide: currently three shops in Italy, precisely in Venice, Vicenza, and Florence¹⁹.
- *After sales*: each year the company sends to customers a questionnaire to monitor the degree of satisfaction.

The sales network is composed of the company's sales force, plus two external partners with the final goal to cover a worldwide net. For gold jewels the sales force is composed of two people that meet new clients in exhibitions and manage their relationship. For Treasure one figure has been recently hired to move around looking for new clients (jewellery shops), in addition the two external subjects help in this first phase of implementation of this new commercial net. The real effort is to use two different languages: B2B does not need of relevant marketing and communication effort, whereas B2C needs a brand-new attention.

Customer Relationships are of personal assistance type, managed by the salesforce. Every year the company sends to all customers a questionnaire to monitor the degree of satisfaction of each one regarding products and services. The aim is a continuous improvement towards the customers' needs. The strategic motivations of this choice are both customer acquisition and customer retention.

The company generates cash from customers from the sales of their jewels, as the company's **Revenue Streams** are transaction revenues resulting from customer payments. Contrary to Italian practices, all the products leaving D'orica have been already paid in advance. Also, working on commission allow economic stability and risk reduction.

Given the particular and high-level features of the products, customers' true willingness to pay is high, in line with market expectations. The price mechanism is based on the gold price, manufacturing and design: list prices of prototypes, adjusted by specific customized features. However, D'orica put some request constraints: variations can be requested on the basic models, also, orders must fit in a specific production standard (Informant A).

The **Key Resources** indispensable for the refined production process are both owned (human resources and machines) and acquired from key partners (materials such as gold and silkworms). They are part of the following categories.

¹⁹ Source: www.treasure.com

- *Physical*: the use of sophisticated high-tech machines “like no other in the world” - as stated in the official website for D’orica - allocated in the atelier, including a precious Japanese Nissan brand cocoon machine from 1971²⁰ bought for the silk production. The company own the only one spinning mill in Europe that allows the reeling with a consistent diameter of 20-22 deniers. The company also owns 46% a photovoltaic system, placed on the roof of the factory. Finally, The Class A building is reprised when discussing the environmental and social impacts.
- *Intellectual*: Expertise and particular knowledge are the basis of the company’s business model. Not only of gold manufacturing, but also the know-how gained from the people from Friuli, who used to work silk and know the ancient process of silk reeling (Informant A). In addition, D’orica own patents: Sirio is one of the most common weave mesh systems used in D’orica creations, the invention to save waste from diamond-cutting machines, end pieces and fastenings) and obtained certifications (The 100% Made in Italy certification and Traceability & Fashion)²¹.
- *Human*: Human resources are crucial in knowledge-intensive and creative industries, from artisans to salesmen to administration. D’orica highly skilled team includes 26 people. Half of the employees are women. The 37% of personnel has been working for D'orica for more than 15 years.

D’orica carries out all the stages of the production process inside the company, in order to have full control of all the steps, from the innovation of design to all the craft production processes. In-house production processes both for gold and silk products, as D’orica restored all the ancient silk production processes. **Key activities** are divided into two main categories.

- *Production*: internal integration of all the production phases which reflect a mix between artisans and high-tech machines.
- *Problem-solving*: coming up with new solutions to individual customer requests.

All the production processes are carried out in the local area, allowing daily contact with all suppliers and partners. Advantages are for sure optimization, relying on suppliers and external agents just for specific resources (raw materials: gold and silkworms) and to perform specific activities. Particularly, **Key Partnerships** are:

- *Strategic alliances*: the "Italian Ethical Silk" in Veneto, that has rebuilt and reorganized the entire silk production cycle in Italy with some agricultural social cooperatives

²⁰ Source: www.preziosamagazine.it

²¹ Source: D’orica brochure for 2018

dealing with sericulture, with the precious contribution of the CREA-AA of Padua, Centre of world excellence in support of the mulberry-breeding. However, the project is in the process of being closed, now that a supply chain among local companies has been built: it is made up of sale contract relationships on a solid basis of trust developed through years. Also, D'orica collaborated with Italian designer Alberto Zambelli, among the best Made in Italy fashion talents, at the FW18/19 edition of Milano Unica.

- *Buyer-supplier relationships*: as already mentioned, D'orica buys the gold from the banks and silkworms from 8 rearers: D'orica buys the first quality of cocoons (80%), Leonardino, a biotech company from Milano, instead buys second and third choice for their biomedical products. In a circular economy perspective, biomedical company Fimo and a breeding start-up are producing by-products (Informant A).

The **Cost Structure** is substantial, as D'orica business model is designed as a Value-driven one, as it is characterized by Premium Value Proposition and a high degree of personalized service that allow higher revenues to cover the cost incurred. Those costs are partly compensated by the company's reduction of environmental impact, which leads to significant energetic savings derived from renewable resources (photovoltaic system) and waste reduction and recycle. Aside manufacturing costs, the main source of cost are materials: gold, which is bought from banks, and silk, a precious resource available in a small amount: Italian-bred silkworms cost more than 10 times with respect to the Chinese ones, plus the machine working at full capacity produces 1 kg per day (Informant A).

4.3.2 The triple layered business model

Recalling the “triple layered business model canvas” tool from Chapter 2, we add the economic and social canvases to the analysis, in order to better understand the company's impacts through a holistic view. Table 11 and Table 12 describe respectively the environmental layer and the social one. Note that the environmental and social layers refer to the 2017 data²².

From the environmental perspective, impacts are strongly reduced, as a consequence of the company's strong commitment to preserve the planet. In point of fact, D'orica explicitly considers the *Environment* as one of its stakeholders (Informant A).

²² Data about impacts are available at the official website “www.dorica.com” (as of November 2018)

<p>Supplies and out-sourcing</p> <ul style="list-style-type: none"> Local suppliers 48% energy from renewables 29% energy from on-site photovoltaics system <p>One external phase: twisting of silk (supervised by D’orica and CREA to guarantee a sustainable process)</p>	<p>Production</p> <p>Almost 100% in-house production:</p> <ul style="list-style-type: none"> 36% recycled waste Patented system for gold recovery during mechanical cutting All machines are networked to energy efficiency and control of harmful substances systems 	<p>Functional Value</p> <p>More than 70.000 jewels sold worldwide in one year</p>	<p>End-of-life</p> <p>Products are expected to never become waste</p>	<p>Use Phase</p> <p>Customers’ material resource and energy requirements through use are not expected</p>
	<p>Materials</p> <ul style="list-style-type: none"> Gold (n/a) Silk (n/a) 		<p>Distribution</p> <ul style="list-style-type: none"> Logistics: couriers insured with a truck with safe for shipments Packaging only for Treasures jewels 	
<p>Environmental impact</p> <ul style="list-style-type: none"> 119t of CO2 266 m³ of water Class A building ensures temperature efficiency 		<p>Environmental benefits</p> <ul style="list-style-type: none"> 147t CO2 savings through renewables supply (7,400 trees) 		

Table 11. Environmental business model layer of D’orica (Personal elaboration)

For D’orica, the **Use Phase** does not consist of any elements, as any customers’ material resource or energy requirements through use are not expected, given the nature of jewellery products.

The **Functional Value** for D’orica consists of the total number of outputs bought by customers or, in other words, the products sold by the company in one year (2017 is the year of reference) which is more than 70.000 jewels (Informant A).

Regarding **Distribution**, it should be emphasized that, given the precious nature of the products, a specific and necessary approach to logistics is required: shipment occurs through couriers insured with trucks provided with safe. It is one of the most impactful transportation modes in terms of CO2 emissions, however, it represents an unavoidable aspect of the business model of D’orica. From the packaging point of view, D’orica gold products are delivered without a dedicated packaging, whereas the Treasures gold and silk jewels are supplied with an ad hoc packaging comprising boxes made of top-quality materials, showcases, and billboards, that are associated with large impacts (both in terms of economic costs and of environmental consequences).

Still, products are expected to never become waste, that is they do not own an **End-of life** phase. This because D’orica and Treasures jewels transcend fashion trends, being a precious and

valuable asset. For this reason, D'orica does not even explore ways for remanufacturing, repurposing, recycling, or disposal of the products.

Environmental Benefits can be summarized as 147 tons of CO₂ savings through renewables supply (corresponding to 7,400 trees).

Regarding data of key **Materials**, i.e. gold (acquired from banks) and silkworms' cocoons (acquired from local rearers), are not available, as the company reserves to not disclose this piece of information.

D'orica has the complete control of all the production processes, indeed **Production** is carried out for almost the 100% in-house, and efficiency is continuously improved. As a matter of fact, with the aim of decreasing environmental impacts, all machines are networked to energy efficiency and control of harmful substances systems. Those systems track control data, which are continuously monitored. Given the particular attention to its industrial process, D'orica also owns a patented machine for the recovery of gold: during mechanical cutting of gold, valuable gold dust is lost, but immediately recovered thanks to the use of the innovative machine positioned near the cutting areas for absorbing the gold dust. The regular process consists of the collection of hybrid skeins dirty with various powders that the metal bank purifies and evaluates, consisting of an important economic expenditure and management, that the new process reduced by 50%, decreasing consequently the associated environmental impacts.

Supplies are chosen in the regional area from local suppliers (see the local silk supply chain discussed in paragraph 4.3.1). With respect to energy supply, the official website of D'orica states that "D'orica is committed to renewable energy with the goal of reducing CO₂ emissions according to the latest European Union directives". In fact, it is relevant to underlying how almost half (48% specifically) of energy supply comes from renewables. In particular, the 29% of the energy comes from the photovoltaics system, made up of 322 photovoltaic panels of polycrystalline solar cells, located on D'orica's factory roof since 2011.

For D'orica, **Out-sourcing** is limited to the twisting of silk, which is the only external phase of production, and corresponds to less than the 10% of production for silk products. Even though this phase takes place outside the company, D'orica supervises it alongside with CREA, in order to guarantee the ethic and sustainable nature of the process. Note that for gold products the production is carried for 100% within D'orica's atelier.

Finally, **Environmental impacts** consist of 119 tons of CO₂ emissions emanated and 266 m³ of water used. These are results of a special commitment to a responsible attitude, demonstrated

also by the Class A building – where the atelier and the administrative offices are located – that ensures temperature efficiency since 2002²³.

Likewise, social impacts resulting from the company’s initiatives are solid, as they have impressive effects on the community and all stakeholders in general.

<p>Local Communities</p> <p>Local suppliers in the Veneto area</p> <p>Silk supply chain:</p> <ul style="list-style-type: none"> • 8 Silkworm breeders • Cooperatives • Industrial companies <p>Liceo Artistico Canova (Vicenza)</p>	<p>Governance</p> <ul style="list-style-type: none"> • Transparency in the decision-making • Respect and responsibility • Culture of sharing 	<p>Social Value</p> <ul style="list-style-type: none"> • Developing long-term value from mutual relationship with stakeholders • Proving customers with top-quality products, realised in an ethic and sustainable way 	<p>Societal Culture</p> <p>Ethic work conditions and respect for the environment</p>	<p>End-User</p> <p>Niche market that pursues:</p> <ul style="list-style-type: none"> • Top quality • Made in Italy • Sustainable products • Exclusivity (Treasure)
<p>Employees</p> <ul style="list-style-type: none"> • 26 employees (50% are women) • No turnover • Flex working hrs • Everyone has an open-ended contract • High-level remuneration policies • Actions to enhance the quality of life 		<p>Scale of Outreach</p> <p>Social benefits in the local area, but products reaching more than 20 countries</p>		
<p>Social impact</p> <ul style="list-style-type: none"> • 4.5 days worked per week • Unavoidable pollution 			<p>Social benefits</p> <ul style="list-style-type: none"> • Stakeholders engagement (local suppliers, projects with schools, Italian silk supply chain) • Training and knowledge-sharing activities 	

Table 12. Social business model layer of D’orica (Personal elaboration)

End-Users are not direct customers of D’orica, who sells its products to wholesalers and retailers in 22 countries. The jewellery shops then sell the jewels to the final customers, who are part of a niche market that pursues top quality and the true Made in Italy, probably appreciating the company’s special attention to ethics and sustainability. For Treasure End-Users, who are part of a luxury segment, the additional value is exclusivity.

Social Value can be interpreted as the willingness to develop long-term value from mutual relationships with stakeholders. In addition, the fact of providing customers with top-quality products, realised in an ethic and sustainable way, to enhance the attitude towards a responsible consumption attitude.

For D’orica, the **Scale of Outreach** describes long-term and integrative relationships with the stakeholders in the local area, that benefit from the company’s programs and initiatives.

²³ Source: www.energitismo.com

However, products (and the company's history) reach international final customers of 22 different countries, with very different cultures, spreading the awareness of ethic and sustainable way of creating jewels worldwide.

Societal Culture refers to the potential social impact of society as a whole, and for D'orica this means most of all spreading of ethic working conditions, with respect also for the environment. D'orica has a vision of the world in which people always comes first than the mere economic profit. In this way, D'orica shows its perspective for example when dealing with 17 different timetables for 26 employees to better meet their personal needs and family time, peacefully giving up to production optimization. With respect to the rebirth of silk, note that it disappeared from Italy not only due to cheap competitors, but also because of environmental and social exploitation issues, such as the introduction of a herbicide, killing silkworm and women and children exploitation. Indeed, the revival of silk production is addressed with a new attention to CSR issues. As a matter of fact, the philosophy of D'orica is passed on *Filosofare*.

The **Employees** section of the with them canvas is one of the most important, as the founders insist in addressing them as "collaborators", in a respectful way, to enhance independence and personal responsibility. So, D'orica counts 26 people: 50% male and 50% female. Among them, two people are original "collaborators" still working for D'orica since its setting-up (29 years). There is no turnover, as nobody leaves the company, as a matter of fact, the company only hires new people as a result of growth. Moreover, the company is usually closed on Monday morning, resulting in 4,5 days worked per week, with different timetables for employees. Also, as stated in the public reports D'orica can claim to offer its people the following virtuous high-level remuneration policies: 21.1% of incidence of the extra allowance on the basic pay, and 22% incidence of the bonus on the remuneration.

Further elements resulting from the particular attention to employees are, for example, facilitation to an optimal home-work path. The facility was built in 2003 in a specific site: putting pins on a map in the locations where the employees' houses were positioned, identifying the geometric centre, the founders resulting the most distant ones. In addition, many actions have been implemented to enhance the collaborators' quality of life, e.g. providing quality food to the break room (bio coffee, alkaline water). In this way, recently noise-absorbing panels have been erected in the production area to decrease noise even if it has been detected at an inferior level than the legal limit. The aim was exclusively the willing to improve the quality of working condition of collaborators (Informant A and B).

Social benefits can be addressed as *Stakeholder Engagement*²⁴, that is the ability to involve both internal partners – employees and partners involved in the Italian silk supply chain – and external ones, from local communities, including schools, to the environment, in a joint creation of value. Training programs with schools are relevant: recently announced on October 25th in Venice at the SIF, the surface (270 m²) of the newly-erected noise-absorbing panels has been painted by some female students of the Liceo Artistico Canova of Vicenza, through the introduction of a work-experience, in order to enhance the pleasantness of being in the workplace. Another important aspect is the positive social impacts of the restoring of the Italian silk supply chain: the involvement of Cantiere della Provvidenza, a cooperative located in Belluno, that during the periods of collection of cocoons (2 times a year) make temporary insertions of people that exited the labour market in old age, having difficulties in relocating themselves. In addition, the silkworms breeding works with people with fragility, resulting in positive impacts in therapies (Informant A).

In addition, the active participation in many meetings and conferences (at least one per month) is relevant. Among these, one the most important is Ecofuturo Festival, promoting industrial innovation for the environment, however the founders are advocates and supporters of all this kind of initiatives to spread awareness and culture about sustainable topics (Informant B).

The company's **Governance** is based on transparency in the decision-making. Indeed, by the will of the founders, D'orica is characterised by a strong culture of sharing: periodically the founders hold plenary meetings not only for sharing news and results achieved, but also for addressing important issues. This is a virtuous behaviour which entails a huge effort of the owner, contrary to economic vision, as it means to stop production for one or two hours, creating costs. Moreover, the attitude of owners with regards to collaborators is aimed at engaging them with personal responsibility for their work and shared goals.

Local Communities correspond to the economic Partners of the economic layer, as suppliers are chosen in the local area, and as D'orica was the leading company for the rebirth of the Italian ethic silk, alongside 18 partners (in four year) among which 8 silkworms breeders and several cooperatives in Veneto already mentioned. It is relevant to underlying how the owners of D'orica, Giampietro Zonta e Daniela Raccanello believed that much in this project to make risky investments, such as providing incentives for years to breeders of the local area and buying a disused and broken machine.

Social Impacts are successfully low, as they concern mainly unavoidable business-intrinsic impacts, such as worked days and inevitable pollution for necessary production processes.

²⁴ Term addressed by A. Strano during his research study for D'orica, and used in his public speeches

4.3.3 Sustainable characteristics

The business model of D’orica is a perfect example of a sustainable business model, as its environmental and social components are definitely as relevant as the economic one, as described with the canvases. Therefore, it will follow an attempt to classify the business model of D’orica according to the two categorisation approaches discussed in the literature review (archetypes and patterns).

The business model of D’orica focuses on social, rather than economic, benefit maximization towards a full integration between the firm with all the stakeholders. As a matter of fact, the social value proposition is continuously enhanced by the actions and initiatives of the owners to the different business model sections and levels. Also, environmental impacts are seriously considered. Accordingly, the business model of D’orica shall be comprised in the “*Re-purpose the business for society/environment*” archetype, of the organizational/economic category, from the classification by Bocken et al., 2014 and Ritala et al., 2018. Recalling the description proposed in paragraph 2.3.4 and the archetype design (depicted in Figure 7), it follows a proposed conceptual business model framework for the D’orica case.

Value proposition	Value creation & delivery	Value capture
<p>Prioritising of delivery of social and environmental benefits, rather than economic profit. Close integration between D’orica and the stakeholders</p>	<p>Creating social benefits through sharing activities and local partners. The integration between business and stakeholders includes non-traditional business partnerships, with regards to the Italian ethic silk supply chain</p>	<p>Supporting stakeholders’ growth and make them part of the company’s economic success</p>

Table 13. Conceptual business model framework for D’orica (Personal elaboration)

In fact, D’orica can be easily related to the social entrepreneurship concept, with particular reference to its being a B Corp, and the B Corps, as social enterprises are cited by Bocken et al. (2014) as an example of the “*Re-purpose the business for society/environment*” archetype.

In the business model of D’orica we find also elements of the environmental category in:

- “*Maximise material productivity and energy efficiency*” archetype, with regard to the attention towards the minimizing of environmental impacts, improving processes, generating less waste and emissions, and elements of the supplying from renewable energy resources.
- “*Substitute with renewables and natural processes*” archetype in the exploitation of

renewable resources (solar energy through the company’s photovoltaics system) to create significantly more environmentally friendly industrial processes. The aim is reducing the use of the planet’s finite resource supply, as the environment is considered itself a stakeholder.

Finally, we find further elements about the social area in:

- The “*Adopt a stewardship role*” archetype: D’orica seeks to maximise the positive social and environmental impacts on society by ensuring long-term well-being of stakeholders, employees in the first place (through initiatives such as employee welfare and fair wages), but also local community, partners and suppliers in the silk supply chain. Production systems and suppliers are carefully selected to deliver social and environmental benefits.

The sustainable business model pattern taxonomy perspective theorized by Lüdeke-Freund et al. (2018) is used instead for highlighting the degree of environmental and social contaminations to the economic purpose.

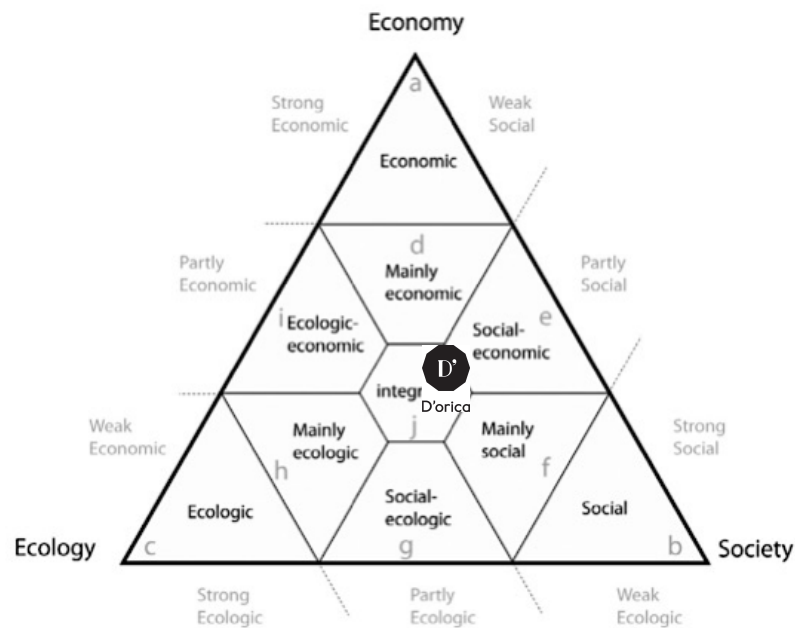


Figure 27. The sustainability triangle (Lüdeke-Freund et al., 2018)

According to the “sustainability-triangle” categorisation, the business model of D’orica shall be characterized mainly by a social-economic value creation, even though an increasing effort towards ecology in the last years – also thanks to the push of the B Corp Certification – is shifting D’orica towards an integrative contribution.

It is relevant to keep in mind that D’orica presents a unique, irreplaceable business model, difficultly to be classified into a specific pattern type. Yet, D’orica can be included in the group of Supply Chain Patterns, as D’orica has developed through the years unique sustainable components of its business model such as local selected partners, sustainable resources and

highly specialized capabilities. Hence, the business model of D'orica can be linked to the integrative patterns P5.6 "Shorter supply chain" and P5.5 "Produce on demand" (see Figure 9) to highlight the production system wanted by Giampietro Zonta, characterized by a short local supply chain which avoid useless waste as well more socially inclusive approaches beneficial to stakeholders.

4.4 Certifying as a B Corp

4.4.1 The B Corp model characteristics

As already mentioned in paragraph 4.2.2 D'orica is almost a certified B Corp, as the company is finalising its certification process. For D'orica, the certification is not a tool to pursue sustainability goals but a confirmation of a well-established reality. Indeed, the sustainable business model of D'orica displays the majority of the characteristics of the B Corp model addressed by Stubbs (2017a), discussed in paragraph 3.3.1. It follows a list of Stubbs's (2017a) B Corp characteristics, grouped into the four areas, recalling Figure 19.

Area 1. Dominant objective: mission, purpose and leadership:

- *Help to create a better world for current and future generations*, as D'orica is committed to ethics in the working conditions and in respect for the environment.
- *Not focused on maximising short-term profits, but on positive societal impacts and making a difference*, hence, D'orica prioritizes the well-being of people.
- *Work with leaders in sustainability*, as partners and suppliers are chosen among those who share the same values.
- *Provide thought leadership around new areas of sustainability*, as D'orica is at the forefront of driving change in the external environment.

Area 2. Measuring success: impacts, externalities and economic growth:

- *Create positive social and/or environmental outcomes and impacts through an integrated, not differentiated, model*. Indeed, they happen as a positive consequence of the business's existence.
- *Reinvest profits in their products and services to grow their businesses to enable them to increase their positive societal impacts*. As the Italian ethic silk project shows, D'orica is not afraid to risk and invest in activities the company believes in.
- *Internalise impacts into the business model, which is underpinned by a sustainability-focused mindset or philosophy or set of values*. CSR and sustainability are embedded in

the company's essence.

Area 3. Stakeholders:

- *Work closely with stakeholders to reduce negative impacts*, for example as the Italian ethic silk supply chain collaborations.
- *Shareholders are not considered as more important than other stakeholders*. As a matter of fact, the company's owners consider themselves at the same level as their employees, the "collaborators", even when deciding the location of their building.
- *Support principles of environmental stewardship*, as Environment is a stakeholder.

Area 4. Influencing sustainability agenda: institutional work:

- *Advocacy activities to promote the B Corp values and model and educate people about a better way to do business*, as D'orica is strongly committed in stakeholder engagement and in knowledge-sharing activities.

4.4.2 Reasons for certifying as a B Corp

Given D'orica's philosophy and characteristics, it is not surprising what they say in the brochure for 2018, that is "we instinctively saw ourselves in the ethical vision and social responsibility values shared by all companies in the B Corporation movement".

Commitment to CSR and sustainability issues are addressed by D'orica since the setting-up of the business, indeed the B Corp Certification represents the willingness of the entrepreneur, founder Giampietro Zonta, as the culmination of the company's path.

From the interviews conducted, the main reasons for certify as a B Corp emerged. First of all, the B Corp Certification is not undertaken to gain competitive or economic advantages, as they mainly expect the enhancement of the organization in terms of awareness and culture. As Andrea Strano, head of Marketing and Communication says "In line with the B Corp philosophy, the company is not a standing-alone entity but an organism living in an ecosystem. For growing and having a successful future you need to have this vision. You need to know and interact with this ecosystem, which is represented by interactions with the territory and suppliers" (Informant A). In other words, D'orica sees the B Corp Certification as a tool to achieve its long-term goals, for increasing the awareness of its own existence and of its role, both internally and externally with respect to the company. Indeed, as a tool, the certification process provides new insights for enhancing an already acknowledged attitude, e.g. improving impacts, enhancing relationships with people and organizations that share the same values.

The owners also had the desire to bear a label upon those CSR actions undertaken during the years. It is a matter of gratification for having the efforts made over the years recognized by a third party. Moreover, even if little is known about the B Corps in the Veneto area, being certified is meritorious. In addition, in terms of communication, the company expects public recognition as active leaders in practising “real” sustainability. In this sense, the B Corp label provides further reliability on company’s responsibility and true commitment. To integrate sustainability drivers and the reasons for being a B Corp, highlighting D’orica’s point of view, Table 14 is proposed.

DRIVERS	REASONS FOR BEING A B CORP	REASONS ACCORDING TO D’ORICA
<i>Costs and costs reduction</i>	Promote energy efficiency and waste reduction	Provide new insights for promoting energy efficiency, waste reduction
<i>Risk and risk reduction</i>	Lead a movement Inspire investors	Lead a movement -
<i>Sales and profit margins</i>	Differentiate from competitors Build relationships Amplify voice Protect the mission Stand apart from the “greenwash” mass	- Build relationships Increase awareness of its own existence and of its role Provide further reliability on the company’s responsibility Recognition as active leaders in practising “real” sustainability
<i>Attractiveness as an employer</i>	Attract talent	Attract talent
<i>Capability to innovate</i>	Improve impact	Provide new insights for enhancing existing impact improvement

Table 14. D’orica’s reasons for being a B Corp (Personal elaboration)

4.4.3 Certification process

Almost two years ago, Giampietro Zonta became aware of the B Corp Certification, when the CEO of another goldsmith company of the area visited the production department and suggested that D’orica could have been a B Corp. Giampietro Zonta immediately recalled an article from ItaliaOggi, an Italian periodic, discussing about the introduction of the Benefit Corporation in the Italian law. As of March 2017, the company had made contacts with Nativa, a consulting company that advises companies in undertaking the B Corp Certification process, and as of April 2017, D’orica had officially started its Certification path (Informant B). As of November

2018, the BIA phase is finished, as D’orica successfully surpassed the 80 points, and it is currently waiting for Validation by B Lab Europe (Informant A).

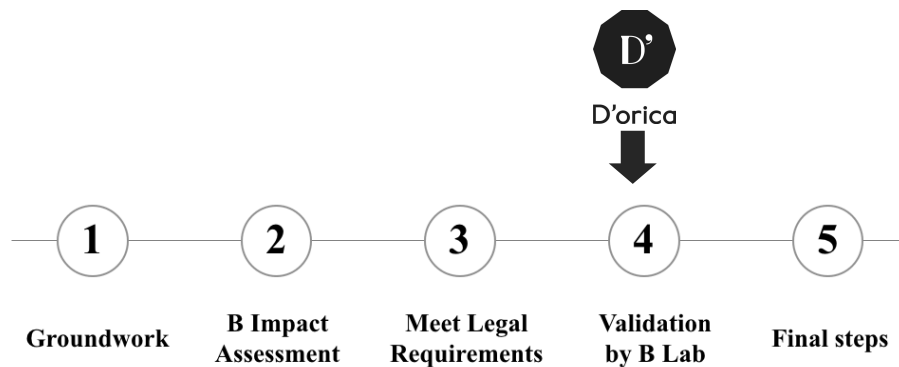


Figure 28. D’orica certification path (Personal elaboration)

The B Corp Certification process is comprehensive and it usually requires that all people across the company are involved, both leadership and employees, as everybody may be asked for information required for the B Impact Assessment. For D’orica there has been a complete involvement of the company’s people. Given the strong culture of sharing, the certification process has been communicated to collaborators step by step: everyone contributes to achieving this goal. Indeed, the detection of some production steps was asked to the collaborators, also they were involved in the operations improvements required. In the process, they have been advised by Nativa, yet the company did not require further external competences.

During its path, the company did not undergo through radical changes, by reason of the fact that always had sustainable attitudes. Indeed, prior to the official assessment, in the pre-test D’Orica was already near the 80-points threshold.

From the interviews, the difficulty aspect emerges, since the BIA has been perceived as a severe process requiring a huge effort: everything stated by the company must be validated by “physical” evidence. The company found arduous to formalize everyday practices, attitudes and behaviours, provided that, differently from many other certification systems, self-declarations are not enough, hence the provision of documents is mandatory.

The BIA evaluation is made by reviewing the day-to-day impacts of running the business and assessing the specific positive outcomes for one or more stakeholders that are created by the design of the business model.

- **Operational impact:** This section provided useful insights for the company, given that the measurement of the day-to-day impacts provided guidance to the company for addressing some previously neglected impacts with respect to waste reduction. The

process increased the company’s awareness of daily necessary waste produced outside the production department and recycling need. With respect to manufacturing, only a chemical product used in the galvanic process has been replaced by one with less polluting impact.

- **Business model impact:** In general, no major changes have been made at the business model level, since the company is forever engaged in an attitude of continuous improvements striving better processes, more sustainable products, and a modernised and updated know-how. Moreover, no supplier has been changed but all have been informed and made aware of the new sustainability policies (Informant A).

The B Impact Assessment resulted in the 5 impact areas as depicted in Table 15.

IMPACT AREA	DESCRIPTION
Governance	CRS and stakeholders’ engagement in the company’s mission: D’orica is a Benefit Corporation since October 2018. Plus, customers’ feedback is claimed.
Workers	Remuneration and reward policies, sharing and listening, timetable flexibility, attention to the home-work path, training. Attention to workers’ well-being and health. Also, part of the ownership was given to two collaborators in 2014.
Community	Relations in the local areas, “Km 0” supply chain. Working with partners and suppliers who share sustainability values. Collaborative projects with local schools.
Environment	Recycling, waste reduction, energy efficiency (renewables), emissions control. Class A building.
Customers	Attention to the customers’ needs. Customers are provided with ethic and sustainable products.

Table 15. The 5 impact areas of D’orica (Personal elaboration)

Currently, as of November 2018, the processes have already been verified and validated, hence the company is waiting for officialising the accomplishment. However, the journey has been severely delayed because of the certification process of gold. It is the raw material that D’orica buys from banks, in point of fact its certification is not a competence of D’orica, as its verification is pursued with the banks. The criticism around this material addresses a controversial “gold issue”: in the commonplace the raw material is demonised as “bloody gold” (Informant B).

Nevertheless, when D’orica will officially become a B Corp, it will be the first certified company in the goldsmith industry in Europe, and the first certified company in the textile

industry in Italy. The long-term goal of the company is to spin off *Filosofare*, making it a Benefit Corporation itself (now it is a trademark owned by D'orica). *Treesure* will remain a brand owned by D'orica, but the fruit of cooperation of two different companies: D'orica with regard to the goldsmith manufacture and *Filosofare* with regard to the silk production.

Finally, on October 1st 2018 D'orica became a Società Benefit with changes in its Statute, underlying the company's commitment to responsibility and transparency, stakeholders' engagement, the creation of creative and comfortable workplace, continuous improvement to enhance the local area's value and to work with local suppliers sharing sustainable principles.

4.4.4 Critical issues

From this analysis it emerges the fact that how D'orica enhanced its sustainable business model during the B Corp certification process, providing guidance to the company for addressing those previously neglected sustainability issues. However, several critical issues emerge, as the event is characterised both by "lights" and "shadows".

First of all, it is relevant to highlight how the B Corp Certification system is perceived as more credible than the national one, i.e. the Benefit Corporation legal recognition. The credibility issue affects the controlling policies: B Lab assures the verification of documents regarding all aspects since the beginning, while the controls by the Antitrust system is not perceived as reliable. However, the company became also a Benefit Corporation, even if the changing of the legal status would be not sufficient for the company's willingness.

Of particular relevance is the complexity faced by D'orica for manufacturing two types of products of different industries. In addition, it is important to highlight that at the moment of the beginning of the certification process, the silk production was at a project level, thus the BIA was engaged with respect to gold jewels. In point of fact, all aspects related to the silk production – and ethic supply chain – have not been taken into consideration for the purpose of certification. In this sense, it can be said that the B Corp Certification was not able to capture the uniqueness and peculiarity of the company strictly correlated to the culture of the territory. This lead to the neglecting of part of the social impacts really addressed by D'orica. Also, the Certification did not capture the social innovation of the gold and silk products, as they are a "cultural manufacture", a terminology trademarked by D'orica to narrate *Treesure* with a non-conventional approach to luxury. All these neglected aspects translate into point lost: D'orica may have had a higher B Impact score.

Another relevant issue is the gold controversy that is obstructing the Certification process. It follows a discouragement feeling inside the company for the long waiting period, although it is

also perceived as an evidence of the seriousness of the certifying entity.

Finally, it is outstanding the fact that, once certified, D'orica will be the first B Corp in Europe in the in goldsmith industry, drawing a particular attention from B Lab Europe. As a consequence, D'orica cannot confront itself with competitors in terms of sustainability, as there is no median score. On the contrary, D'orica opens the doors to its peers for exploring sustainable verifications, for an industry which is traditionally out of the sustainable debate. In this way, D'orica is approaching to be the industry leader in Europe. Also, with respect to the textile industry, D'orica will be the first Italian B Corp. Is D'orica going to revolutionise also the textile manufacturing, one of the most widespread and recognized excellence of the country?

CONCLUSIONS

The idea to develop this work comes from the intention to integrate the sustainable business model literature with the little study existing about the B Corp framework. Given the fact that the B Corps represent a recent phenomenon, it is not a surprise that the topic has not yet been explored according to different perspectives. The B Corps are gaining more attention as a new sustainable entrepreneurship and few studies have been undertaken in this way. For sure, they represent a brand-new chance for exploring new ways to address and quantify the positive impacts of companies on the external environment, as a consequence of CSR. In fact, sustainability is currently a “hot” topic in the business world, along with all other types of innovation that can revolutionise a company’s business model. So, it comes easily to think about the need for a connection that can link the sustainable business model theory to the B Corp framework.

The empirical analysis of this thesis is built up on a solid literature review starting from the traditional business model concept, by way of the analysis of the most relevant approaches to business model innovation for sustainability, to finally depict the characteristics of the B Corp phenomenon. Indeed, the study addressed in the last section of this thesis represents an attempt to analyse the business model of a virtuous company certifying as a B Corp using the sustainable business model tools theorized in the most relevant literature.

In analysing the particular case of D’orica, it has been described how the B Corp Certification upgrades the characteristics of an existing solid sustainable business model, providing guidance to the company for addressing those previously neglected sustainability issues. Even if the certification process did not capture all the company’s peculiarity and did not provide comparison tools – as D’orica is pioneer of its industries – still we shall conclude that the B Corp Certification process enhances a strong sustainable business model implementation which is oriented towards the striving of an ideal positive impact maximization to the three layers: economic, environmental and social.

For this reason, we can address the B Corp as a recent example of sustainable business model, which is built in a continuous improvement perspective, embedding both the environmental and social spheres in the business model design. Yet, it is relevant to highlight that each B Corp is a unique case characterised by a different degree of attention to the social and environmental

dimensions, prioritising those aspects more related to the company's set of values and philosophy. However, the B Corp model allows expressing contaminations of different sustainable actions towards a more or less complete integration of environmental and social goals in the business model of a certifying company. The B Corp approach in this way goes in the opposite direction with respect to an important stream of literature, focused on the classification of the sustainable business models which still considers the economic, environmental and social dimensions as separate innovation spheres. The B Corp approach, indeed, explores sustainability with a holistic outlook.

This study certainly presents some limitations, partly due to the current lack of a solid literature behind the B Corp model conceptualization.

The analysis of the D'orica case, in the first place, should be further examined: for example, it would be relevant to picture the evolution of the business model of the firm through the certification process with respect to the three layers, in order to attempt to quantify the impact of the B Corp Certification. However, the analysis of multiple cases would be suggested.

As a matter of fact, a single case study has a limited and restricted influence on theory, hence the development of further qualitative and quantitative studies is required to strengthen the findings and the contextualization proposed. In addition, giving the unique nature of each B Corp, an analysis of this kind of different exemplary companies would be relevant to provide additional evidence. Given the recent nature of the phenomenon, the research field is open to empirical contribution of any type, especially in a sustainable business model perspective. In this way, it would be relevant to assess the positive impacts of the three layers and their interrelations. Also, the possibility to analyse the phenomenon at different levels – size, geographical area, industry – is open. Another perspective that is worth to be deepened is the evolution of the B Corp sustainable business model through the mid-term and long-term period.

In conclusion, the aim of this thesis is to address the B Corp model as an integrated form of sustainable business model in order to display a new holistic outlook in dealing with sustainable business model innovation. Consequently, this work's intent is to provide new opportunities for future research for addressing the B Corp topic with the sustainable business model perspective.

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