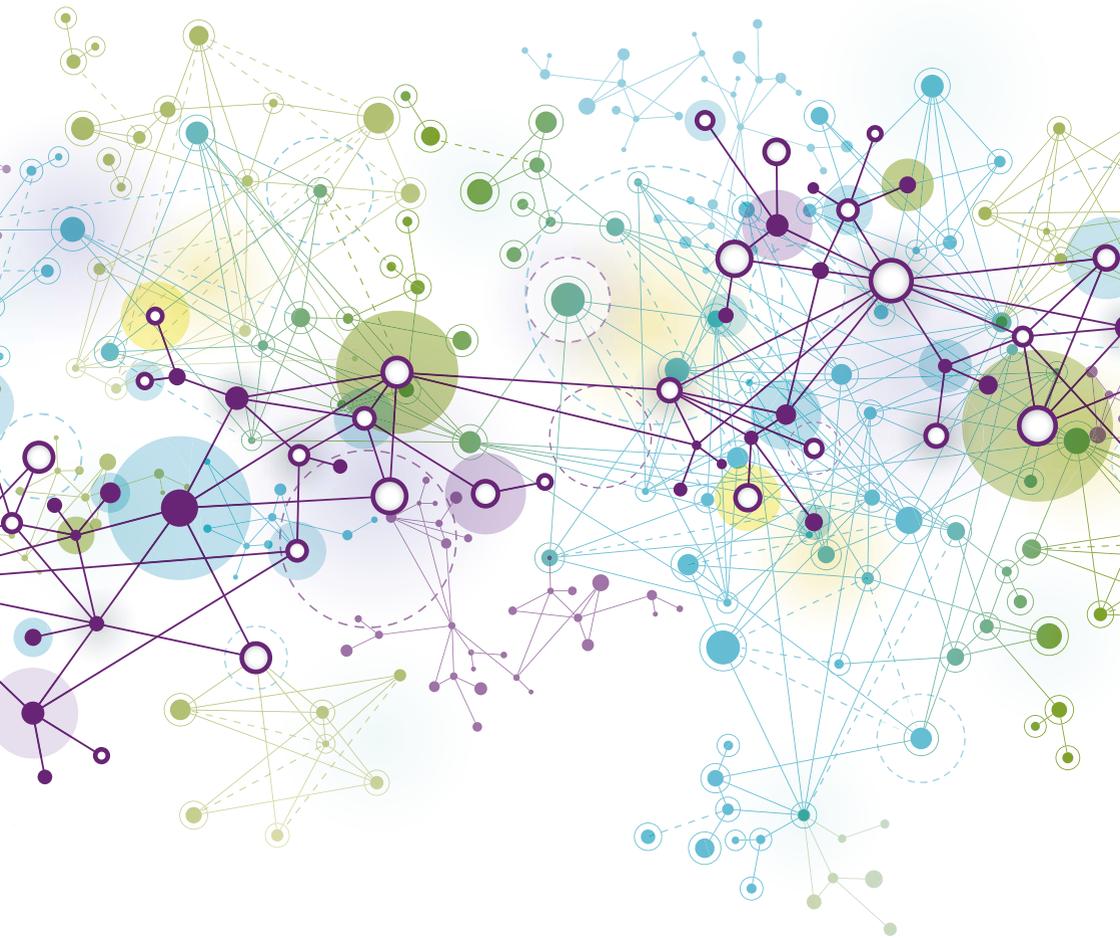


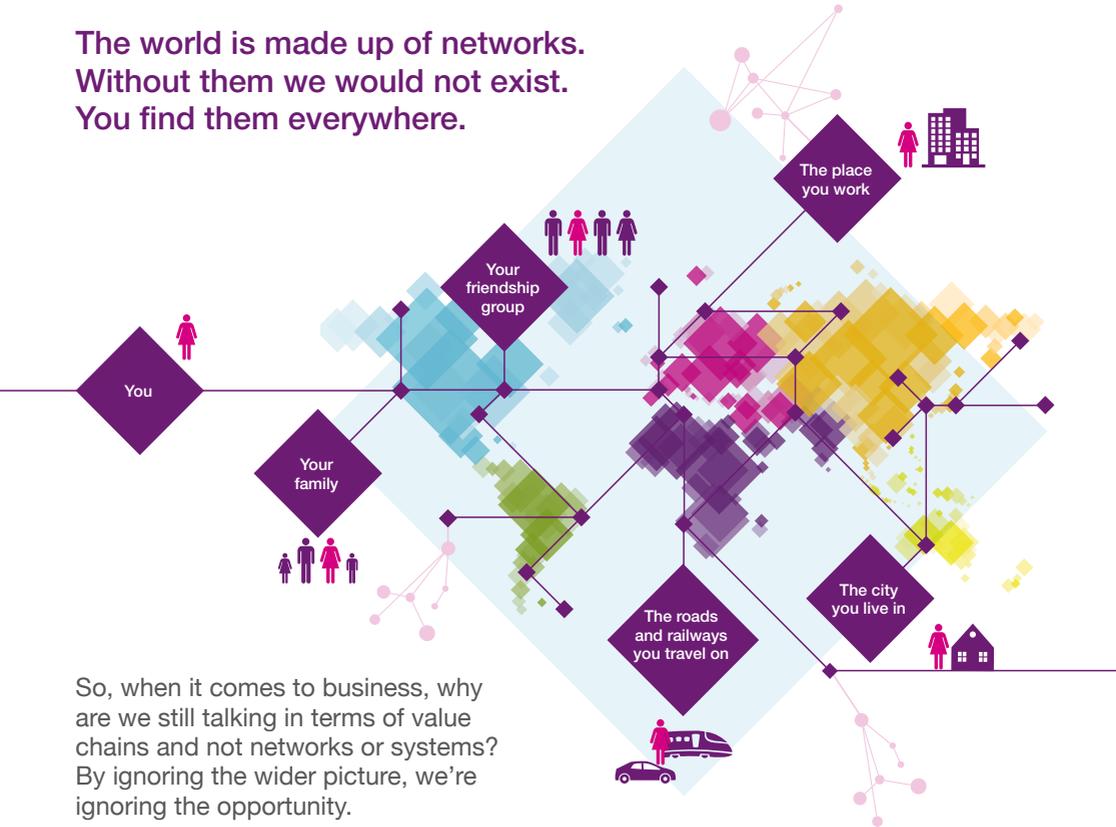
Value, unchained



Innovating for a brighter future

How a value networks approach helps you go further, faster

**The world is made up of networks.
Without them we would not exist.
You find them everywhere.**



So, when it comes to business, why are we still talking in terms of value chains and not networks or systems? By ignoring the wider picture, we're ignoring the opportunity.

At Forum for the Future, we've been exploring what happens when you view your organisation as part of a value network, and how this can create #theBIGshift towards a sustainable future. It's an emerging area of sustainability, but we've realised that a value networks approach helps innovate new business models for new solutions.

It can deliver value, unchained.

"The material world, ultimately, is a network of inseparable patterns of relationships; the planet as a whole is a living, self-regulating system."

Fritjof Capra

What is a value network?

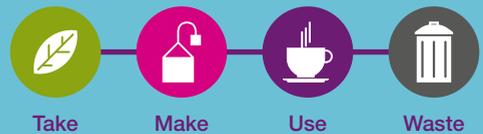
A network of relationships, which creates both tangible and intangible value through a complicated dynamic exchange between individuals, groups and organisations.

Instead of looking along the linear chain of 'take-make-use-waste' at the physical and financial flows of a chain, a value networks approach considers the wider web of relationships that a company sits in, and includes the flow of intangibles like trust and knowledge.

We can already see what this means for a business in practice – in the tea industry.

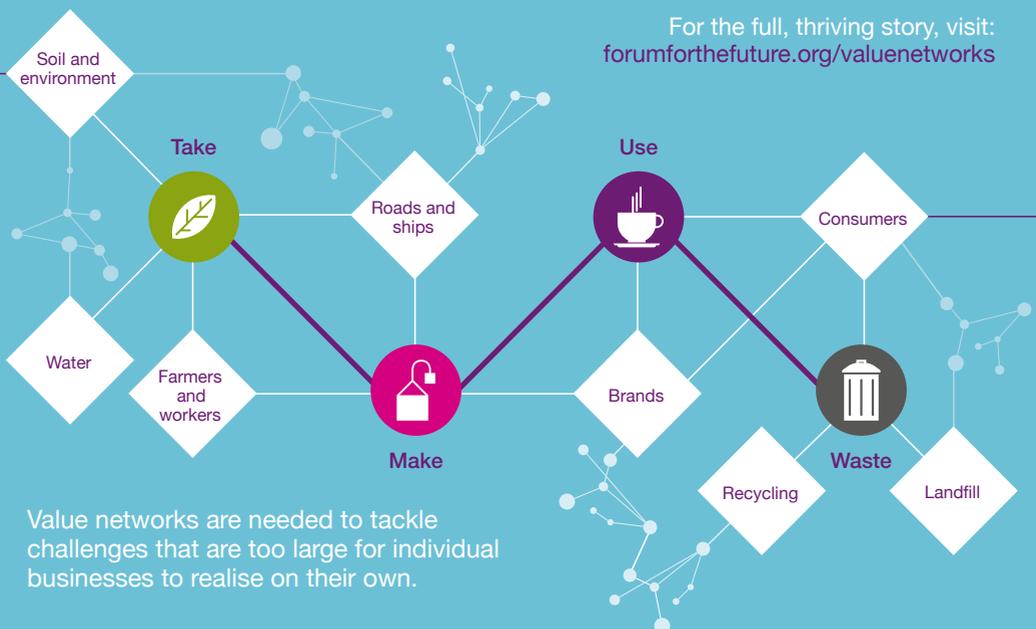
Before

Here's the tea value chain:



After

Now look at some of the other things you consider when viewing the same chain as a network:



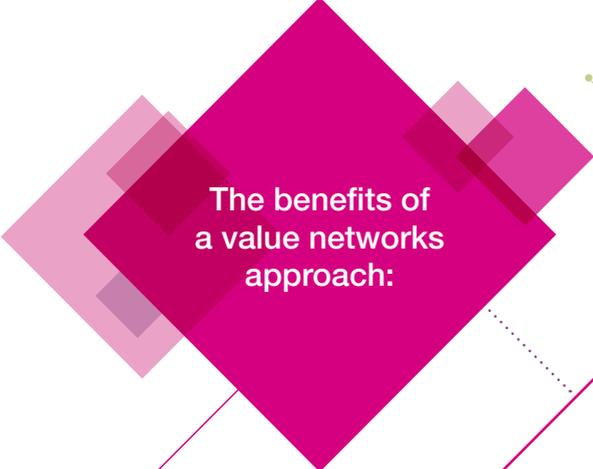
For the full, thriving story, visit:
forumforthefuture.org/valuenetworks

Value networks are needed to tackle challenges that are too large for individual businesses to realise on their own.

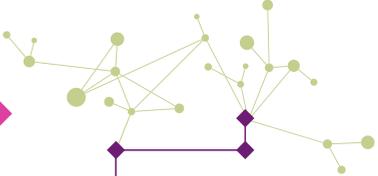


Why use a value networks approach?

Over the last few years we've been working with companies to innovate 'sustainable business models'. We've adopted and tested many business model tools, and created lists of archetypes. But something was missing.



**The benefits of
a value networks
approach:**



**There's
more value
generated than
just financial value.**

You can't describe the wide range of intangible value flows – social, environmental and economic – with a value chain perspective.

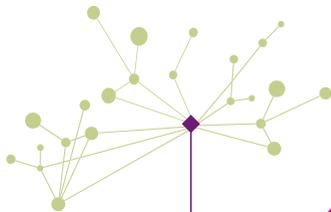


**'Sustainability'
is a quality of the
whole system, not of
just one part.**

You cannot be a sustainable business in an unsustainable system.



We now understand that a value networks approach is a better way of innovating business models for sustainability.



Innovating new business models needs things you don't have.

You need access to new capabilities and assets to do things differently, which means building new relationships.

A business model cannot be described as just one business.

It's a configuration of several players with aligned interests and incentives.

Seeing the need to create the external conditions for your success.

No value chain is an island.

Riding the digital wave.

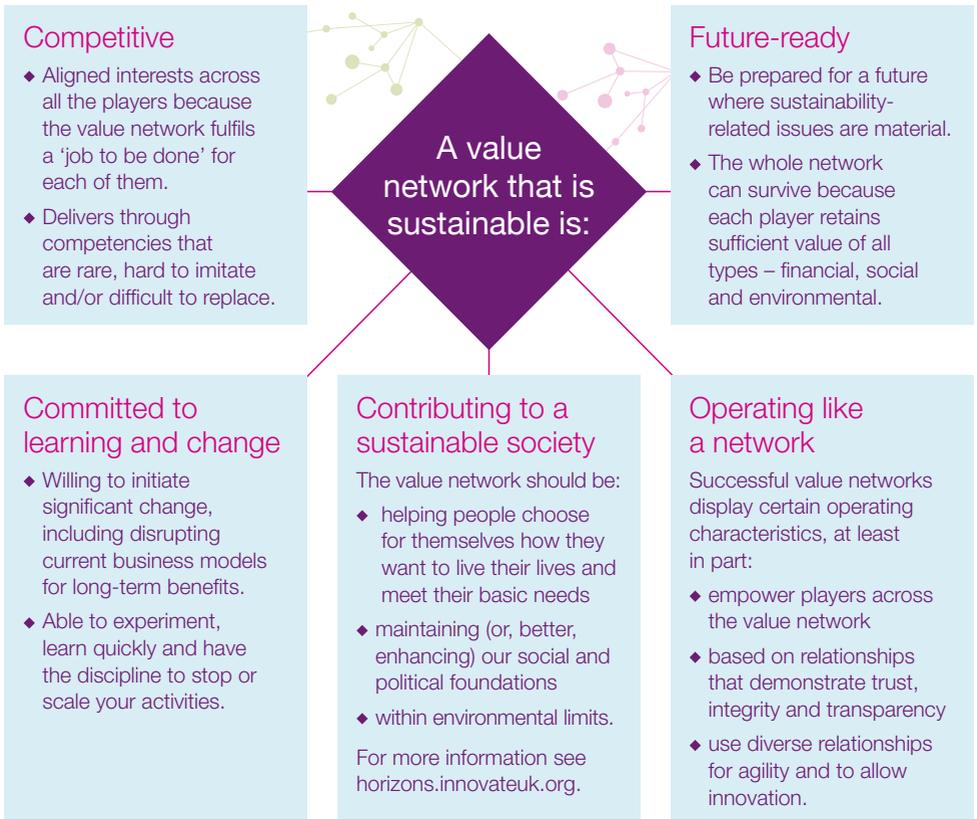
Digital technologies make it easier and cheaper to connect, bringing network approaches to the fore.

We have shared more insight into why a value networks approach is better at forumforthefuture.org/valuenetworks



How to identify if a value network is sustainable

Fundamentally, in a successful value network every player contributes and receives value in ways that sustain both their own success **and** the success of the value network as a whole. And, here, 'players' include the parts of the natural world that contribute to the value network.

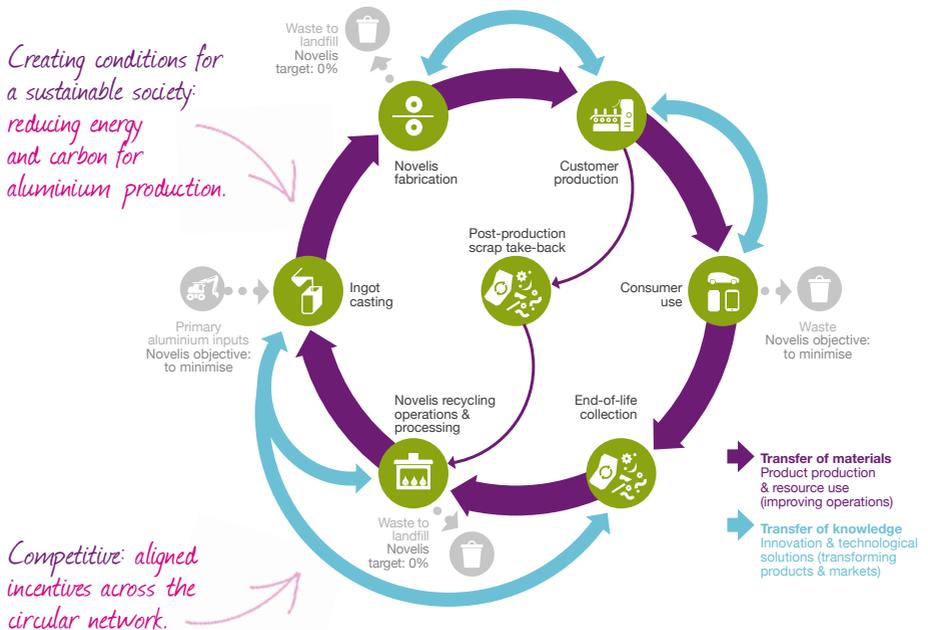


Your value networks

Value networks come in many shapes and sizes. We're beginning to see a number of organisations experimenting with a value networks approach.

1 Novelis: business model innovation

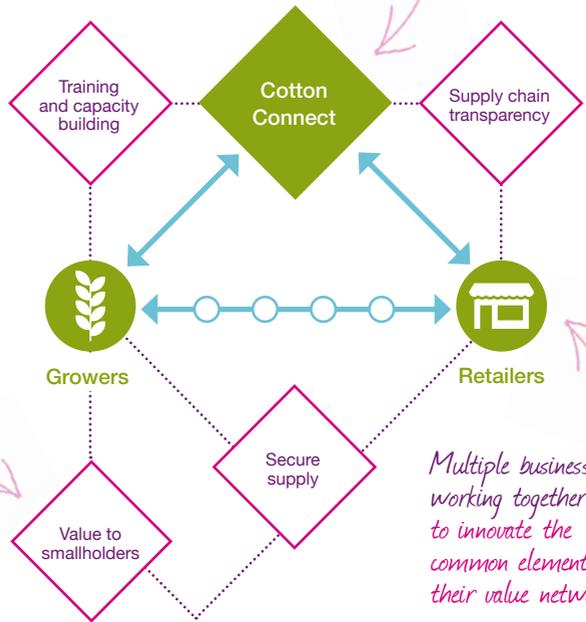
To be future-ready, Novelis wanted to know how it could enable a circular economy. In 2014, Novelis opened the world's largest aluminium recycling centre in Germany, which allows the business to operate as a network. It will now be possible for them, in collaboration with others, to develop new business models that enable circular economy flows.



These stories are just an introduction. Read them in full, and discover our curated examples for yourself online: forumforthefuture.org/valuenetworks

2 Cotton Connect: shifting an existing chain into a value network

Cotton Connect is an independent organisation working to turn the existing cotton supply chain into a network that allows for new flows of value. One thing it enables is for more value flow to the smallholder producers, empowering them to improve their livelihoods, while creating resilience for the whole network.



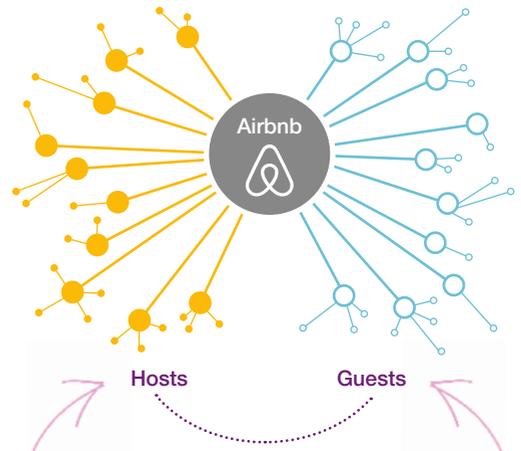
Business model innovation: new players bringing in new skills and capabilities to an existing chain.

Contributing to a sustainable society: creating better livelihoods for smallholder producers.

Multiple businesses working together: to innovate the common elements of their value network.

3 Airbnb: creating a new value network

Airbnb has created a new, trusted, community-based marketplace for people to list, discover and book unique and authentic accommodation around the world. Social and financial value flows through the network benefiting hosts, travellers and local communities. Airbnb has created a new network of relationships, facilitated by digital technology. The currency that underlies the success of the network is trust. There are now listings in 34,000 cities and over 190 countries. The scale it has reached since launching in 2008 now sees it competing with established players in the market.



Ride the digital wave: by creating a new digital platform to enable new connections Airbnb allows hosts and travellers to discover their aligned interests.

Evolve your value network



There is no set approach to creating a new value network. The path will be different depending on your ambitions and who you meet on the way. Maybe you want to reshape your existing value chain, or maybe you want to establish a new network from scratch. These steps will be useful for any situation.

1 Ask why you want to create a network

What's the challenge you are responding to? What's the intent for your new network? Answer this early in your journey to set your direction of travel.

2 Find the right people to explore this new network with you

This may be just one or two people to start. Take the time to create an understanding of where your interests, and motivations align. Define the types of value that you want to create.

3 Understand where you are now

Explore where value is currently created, missed or undermined. Map your stakeholders: who are the participants in the chain? Who affects the value being created or taken away? Who loses out? Who wins? Explore both tangible and intangible value flows – including knowledge, relationships, skills, wellbeing, as well as products, resources and raw materials.

Use this initial thinking to identify the opportunities for innovation.



Your ideas...

4 Model your new network

Explore how you can best re-configure the collective assets, skills and approaches to create the new value you want to see. What new additional skills and capabilities do you need to allow you to reach your ambition? Be honest about excluding those that won't fit in this new configuration.

5 Explore the feasibility and business case of the network

The network needs to work as a whole, but it also needs to work for each participant – find ways of exploring this for all involved.

6 Experiment and prototype

Experiment with how you can bring elements of your new network to life. Use this as a way to test and refine ideas and appetite.

7 Ongoing learning and monitoring

Continue to monitor the value you rely on and understand how you've been working. What has worked? What hasn't? This will inform future decisions.



What next?

Want to start reimagining your new value network?

Visit forumforthefuture.org/valuenetworks and download the worksheet to get you going. You'll also find case studies that outline how others are adopting this approach.

Keen to get reshaping now? In 2015, we're going to be experimenting and developing a process that will help us understand and innovate for new value networks. If you want to get involved, get in touch with Louise Armstrong: l.armstrong@forumforthefuture.org.



Forum for the Future is an independent non-profit organisation that works globally with business, government and others to solve complex sustainability challenges. We believe it is critical to transform the key systems we rely on to shape a brighter future and innovate for long-term success.

Forum for the Future is enabling pioneers to transform their business models and understand the context they're operating in, using a value networks approach.

forumforthefuture.org



Technology Strategy Board

Innovate UK is the new name for the Technology Strategy Board – the UK's innovation agency.

We know that taking a new idea to market is a challenge. We fund, support and connect innovative businesses through a unique mix of people and programmes to accelerate sustainable economic growth.

Innovate UK will be launching a Resource Efficiency competition based on the concept of value networks in 2015.

innovateuk.org



With more than 130,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

Capgemini has been experimenting with how a value networks approach can stimulate and enable new business models for sustainability.

capgemini.com

With special thanks to Gerrard Fisher at WRAP and to the EPSRC Centre for Industrial Sustainability for their insights into this topic.