

Nordic workgroup – ‘green business models in the Nordic region’

Delimiting the scope of the project ‘Green Business Models in the Nordic Region’

This memo aims at delimiting the scope and aim of the project ‘Green Business Models in the Nordic Region’, cf. the project description. This is important in order for the outcome, hereunder the recommendations for policy makers and businesses, to be relevant, clear and focused. This will in turn also be most effective with respect to obtaining the goal/effect of the project – namely to disseminate green business models such as ESCO’s and Chemical Management Systems in the Nordic region to a larger extent and thus supporting sustainable growth.

The project aims at investigating and coming up with policies for the following 5 groups of green business models in the Nordic region:

1. ESCOs (in different kinds of supply systems)
2. Chemical Management Systems (CMS)
3. ‘Sharing’ technologies/businesses (e.g. car-sharing or computer-sharing companies)
4. Design, Build, Finance, Operate (DBFO)
5. Product Service Systems (PSSs) which aim at reducing energy, greenhouse gas emissions or resource use/waste

The comparative analysis with regard to the Danish show case (performance of green business models vs. regular business models) will be made with respect to green business models where they make up a substantial part of the company’s total turnover.

Moreover in the desk research phase the following other ways of doing business with a lower environmental impact etc. will be investigated and described:

- Green Supply Chain Management (GSCM)
- Industrial Symbiosis (IS)
- Resource Management (RM)
- Eco-efficiency Service Systems
- Cradle to Cradle (C2C)

DANISH ENTERPRISE AND CONSTRUCTION AUTHORITY

Dahlerups Pakhus
Langelinie Allé 17
DK-2100 Copenhagen
Denmark

Tel. +45 35 46 60 00

Fax +45 35 46 60 01

CVR-no. 48 46 41 14

ebst@ebst.dk

www.ebst.dk

However, the case study and show case (and thus policy, recommendations etc.) will focus on the 5 first main groups of green business models, cf. the above.

Compared to more ‘classic’ business models, green business models are characterised by business models focusing on innovative business strategies and relations between businesses respectively businesses and customers reducing energy consumption, greenhouse gas emissions, resource use and/or waste thus creating economic benefits. More specific, these business models are characterised by:

- (i) companies providing a service and/or a given state or output in the production chain of the buying company complementing the providing company’s ‘simple’ product. This longer lasting relation creates incentives for the providing company to reduce energy, greenhouse gas emissions or resource use and it generates know-how to improve the product (efficiency) and cut costs.
- (ii) companies that to a larger extent than ‘classic’ businesses are more (vertically – up- and down stream / or horizontally) integrated/working in partnerships reducing energy consumption, greenhouse gas emissions, resource use and/or waste and thus create economic benefits. This setup normally shifts the risk and/or investment in new ‘greener’ technology from the buying company to the providing company resulting in an investment which may not have been undertaken without the integration/partnership or the provision of a complementary service to the ‘simple’ product.
- (iii) companies providing ‘sharing’-services/technologies which reduce energy and resource use as the result.
- (iv) companies aiming at reducing energy consumption, greenhouse gas emissions and/or resource use internally in the company in the production of products or services (or in the aftermarket) or demanding this from suppliers and their suppliers in order to create a better product and cut costs.

The project does not aim at investigating or coming up with new initiatives and policies for ‘classic’ green business models such as wind, hydro, thermal and solar power businesses etc. unless these business models have some of the characteristics of (i)-(iv).

The definition of green business models in the project’s context is:

“Green business models are business models which support the development of products and services (systems) with environmental benefits and/or reduce resource use/waste and are economic viable. These business models have a lower environmental impact than traditional business models.”