GREEN BPM

The Value Proposition: Green Services Model

The concept of business processes is generally defined as a set of activities that occur in an industrial environment to generate value at the end of the supply chain. Margretta (2002, p. 4-8) defines a framework for business models by offering descriptions about how a company conducts business. Osterwalder and Pigneur (2005, p. 17, 2010, p. 14-21) later described business models as the fundamental factor for how an organisation creates, proposes, and captures value. Where value creation is the nucleus of any business model since the discovery of new opportunities occurs at this stage. The value proposition is related to the products or services that solve problems or satisfy needs generating economic return and creating a sustainable business.

The Horus Supply & Services Model was chosen as an important requirement to be considered into the "green" catalogue of the Horus Method, since the value proposition is identified and reflected in this model type. To elaborate further on the aspect of this model type, a first definition for "Green Services" was taken from a research paper by the Fraunhofer Institute of Industrial Engineering: "Green Services are services that are either green by their character of being an eco-service, and/or comply with the eco-efficiency standard towards resource consumption, impact on nature and service value" (Ganz, Burger, Münster, Rembold (2014, p. 8)). Two important concepts emerge from this definition: the concept of ecoefficiency, contributed by the World Business Council for Sustainable Development (WBCSD), and the concept of eco-services contributed by Hammerl (2003).

According to the WBCSD (2000, p. 3), "eco-efficiency" revolves around the reduction of resource consumption and the incrementation of the product durability, the reduction of impact on nature and incrementation of the products or services value through product functionality, flexibility and modularity, providing additional services and focusing on selling the core functional needs for customers. For the construction of this aspect of the catalogue, the conceptual framework provided by Hammerl et al. (2003) was considered. In the research, the authors analyse the consequences that arise from "sustainability" applied to business operations. Hammerl et al. (2003, p. 11) describes products and services as one of the "wheels" through which sustainable businesses can get further, and describes three important points: the offer of smart products and services that optimise customer benefits and improve quality of life, the manufacture of products and services that are socially and environmentally acceptable, and the assumption of responsibility for the negative consequences of the product life cycle. Hammerl et al. (2003, p. 15) presents a systematic approach for products and services, calling this model "eco-services".

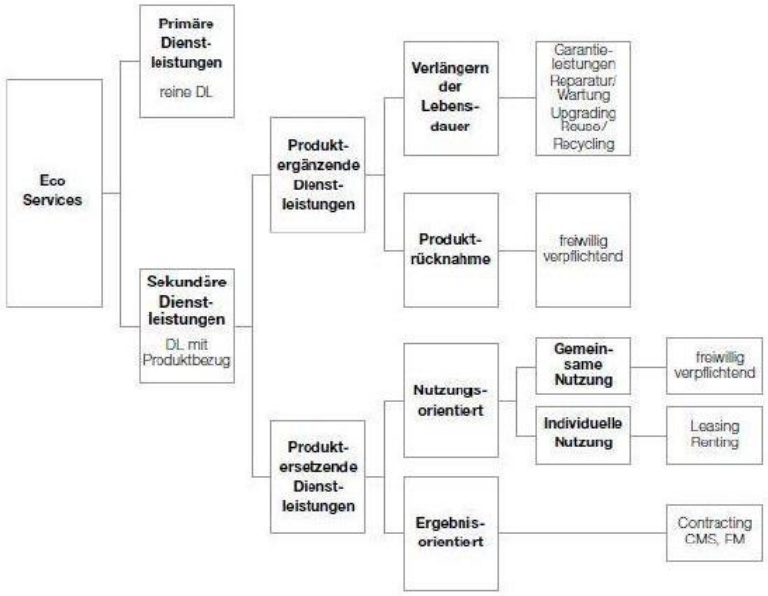

Figure 3: Eco Services

The figure above shows the scheme of the approach. According to this approach services can be classified into primary (intangibles) and secondary services (related to a product). Primary services represent pure services and are intangible in nature. An especially evident example for this case would be services in the field of consulting. Secondary services are classified as product substitution services and additional product services. Additional product services can include services that extend the lifecycle of a product and services for product take-back. The life cycle of a product can be extended by services like warranties, maintenance, remanufacture, training programmes, refurbishing, upgrading, etc. The services that support the return of products can be optional or mandatory. Product substitution services can be classified in use-oriented and result-oriented services. The last service type implies a wide variety of contracting models.

To create the Green Service Model type, an investigation of the academic literature was carried out to add to the conceptual framework provided by Hammerl which illustrates the spectrum of product-services a successful company can involve in its operations.

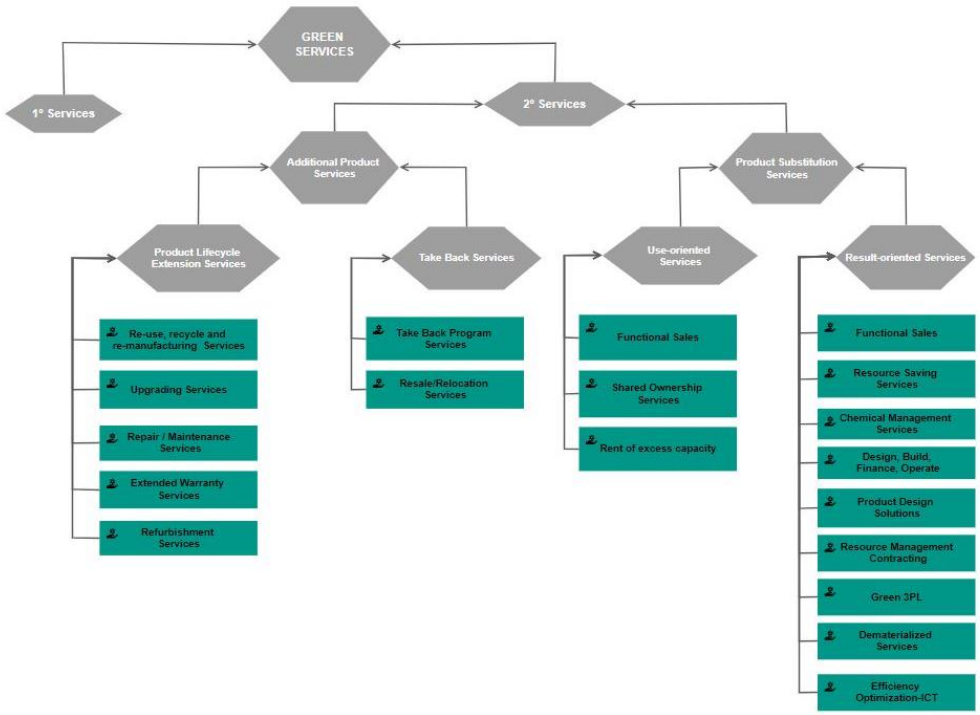

Figure 4: Horus Green Services Model

The figure above shows the designed model based on Hammerl´s approach and the complementation of the literature research. So, the green services catalogue can be used to define the direction of goals and strategies for a new sustainable business model. The green catalogue was applied to improve the reader's understanding of sustainable business models on the one hand, and as a tool to validate the transformation of conventional business processes.

Literature

Ganz, W. Burger, T. Münster, M. Rembold, S. (2014). Green Services in the Machinery and Plant Engineering Industry. Fraunhofer Institute for Industrial Engineering, Stuttgart, Germany, p. 8.

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