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2nd edition

(RE)INVENT your BUSINESS MODEL

WITH THE ODYSSEY 3.14 APPROACH

DUNOD

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Foreword

Michelin, like any other company, must develop new areas of growth to ensure its sustainability. We are constantly striving to create value for our people, our planet, and our company. This is the true sustainable strategy of the next decade.

Continuous improvement, through our investments and organizational efforts, is no longer enough. We need to move further and faster. This is why we are revamping our business models, for example by developing services, solutions, and new high value-added activities around and beyond tires. Michelin intends to remain a benchmark, capitalizing in particular on the differentiation of its products and services, while investing in new growth territories beyond our core tire business .

(Re)invent your business model - Odyssey 3.14 draws on examples like Michelin's to show that, beyond improving products and processes, companies can and should experiment with new business models if they are to survive. Even more importantly, (Re)invent your business model - Odyssey 3.14 gives you the tools you need to reinvent your model.

Through a highly practical approach, this book will guide you in building the sustainable business models for the future. It will also help you create the adequate environment for innovation within your company, by engaging all your employees.

This book goes further than simply listing examples of successful companies. Based on case studies - some of which deserve to be better known - It encapsulates the fundamental essence of transforming a business model and conveys it in a tangible manner, allowing you to implement it directly within your company.

The Odyssey 3.14 approach is the result of years of experience and teaching in Europe's top business schools: its methodology is proven, and I'm convinced that a sustainable future is possible through innovation. So go ahead, reinvent yourself!

Florent Menegaux, CEO of Michelin

Introduction

What is Odyssey 3.14?

"Innovate to grow!" That has been the imperative in all businesses, small or large, regardless of the industry. However, the myth of 'infinite growth' on a 'finite planet' has lived its course. Today, innovation must take place within the context of sustainable development. So, how to proceed?

(Re)invent Your Business Model – Odyssey 3.14 offers a novel answer, inviting you to undertake a challenging journey that combines innovation and strategy. Based on the **3 pillars** of a business model (value proposition, value architecture and contributions), this approach proposes to explore **14 directions** to invent or reinvent your business model in order to meet the needs of the present without compromising the ability of future generations to meet their own."

Odyssey 3.14 is the result of over twenty years of research, consulting and teaching in innovation, strategy and sustainable development by the three authors, particularly at the HEC Paris business school. We believe that innovation is an adventure, and like any other, is exciting. However, it comes with a multitude of challenges – that we seek to meet through an accessible and innovative approach.

This book is divided into four parts to help you grasp the Odyssey 3.14 approach and implement it in your business. The first two parts present the main concepts by combining **theory** with **concrete examples**. The practical **implementation** of the approach, articulated around different stages, is developed in the third part. Finally, the fourth part presents **50 cases of invention** or **reinvention** of a business model, in B2B (Business-to-Business), B2B2C (Business-to-Business-to- Consumer) and B2C (Business-to-Consumer) sectors. Their aim is to stimulate your desire to make it happen.

By the time you finish reading this book, we hope you will want to embark on this fascinating journey to the land of innovation and strategy! Bon voyage!

Laurence Lehmann-Ortega, Hélène Musikas, Jean-Marc Schoettl

Table of contents

The 3 pillars of a business model

14 directions to explore

On the path towards becoming a more innovative company

50 inspiring 3.14 innovation cases

Innovation : an imperative for companies to adapt to the 21st century

The idea that business should primarily serve the short-term financial interests of shareholders has become the **dominant paradigm** since the middle of the 20th century. The perpetual pursuit of growth, at the possible expense of other stakeholders such as employees, consumers, and society as a whole, as well as the failure to take into account negative externalities (pollution, impact on health, unemployment...) have become the accepted norm.

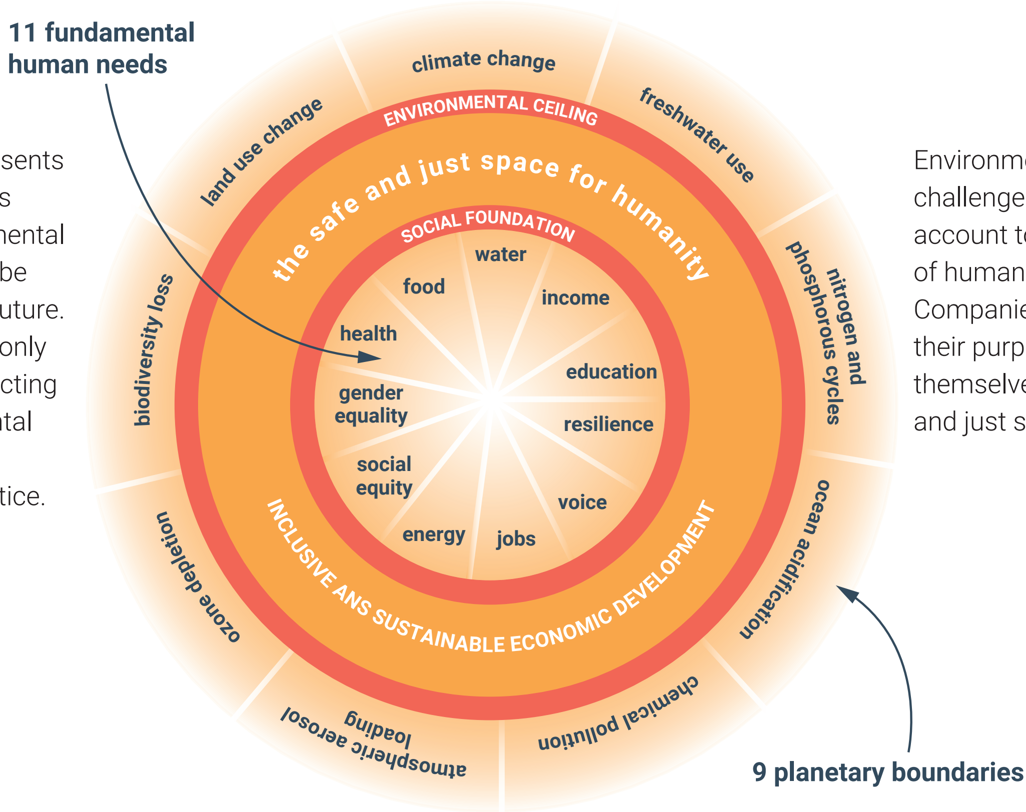
However, these ideas have outlived their time, as **planetary boundaries**, and the aspiration to meet **basic human needs** take over. It is now widely accepted that the planetary ecosystems that have enabled humanity to prosper constitute finite, fragile, and interdependent systems. This is what Bruno Latour, the contemporary philosopher, refers to with a simple yet powerful expression: we need to 'land' and to rethink the world within planetary boundaries. While companies are definitely part of today's problems, they can also contribute to the solutions by questioning their role and their actions: this is what leads them to reflect and (re)define their *'raison d'être'* or **purpose** of existence.

In the coming years, this new paradigm is likely to become dominant and force all companies, and beyond, all organizations, to undertake a profound reinvention in order to adapt, survive and thrive.

This is why **innovation** in all its forms is the imperative of the 21st century.

Doughnut Economics framework : between planetary boundaries and basic human needs

The Doughnut theory presents nine planetary boundaries (making up the environmental "ceiling") that should not be exceeded to ensure our future. However, this future can only be secured by also respecting at least eleven fundamental human needs: this is the "foundation" of social justice.



Source: *Kate Rayworth, Doughnut Economics, 2017.*

Environmental and societal challenges must be taken into account to ensure the future of humankind on the planet. Companies are redefining their purpose and reinventing themselves to fit into this safe and just space.

Innovation is not necessarily technology-driven

Tesla is the quintessential innovative company, and its controversial CEO, Elon Musk, is often celebrated as an 'innovation guru'. Yet Tesla's research and development (R&D) spending remains relatively limited compared to other companies.

Indeed, innovation is very often associated with technology, and therefore with R&D spending. However, numerous studies show that a company's capacity for innovation is not necessarily correlated with its R&D spending.

In fact, the term 'innovation' covers various realities: R&D expenditure is not always a good way of measuring it, particularly as invention (the good idea) must be distinguished from innovation (bringing that good idea to market).

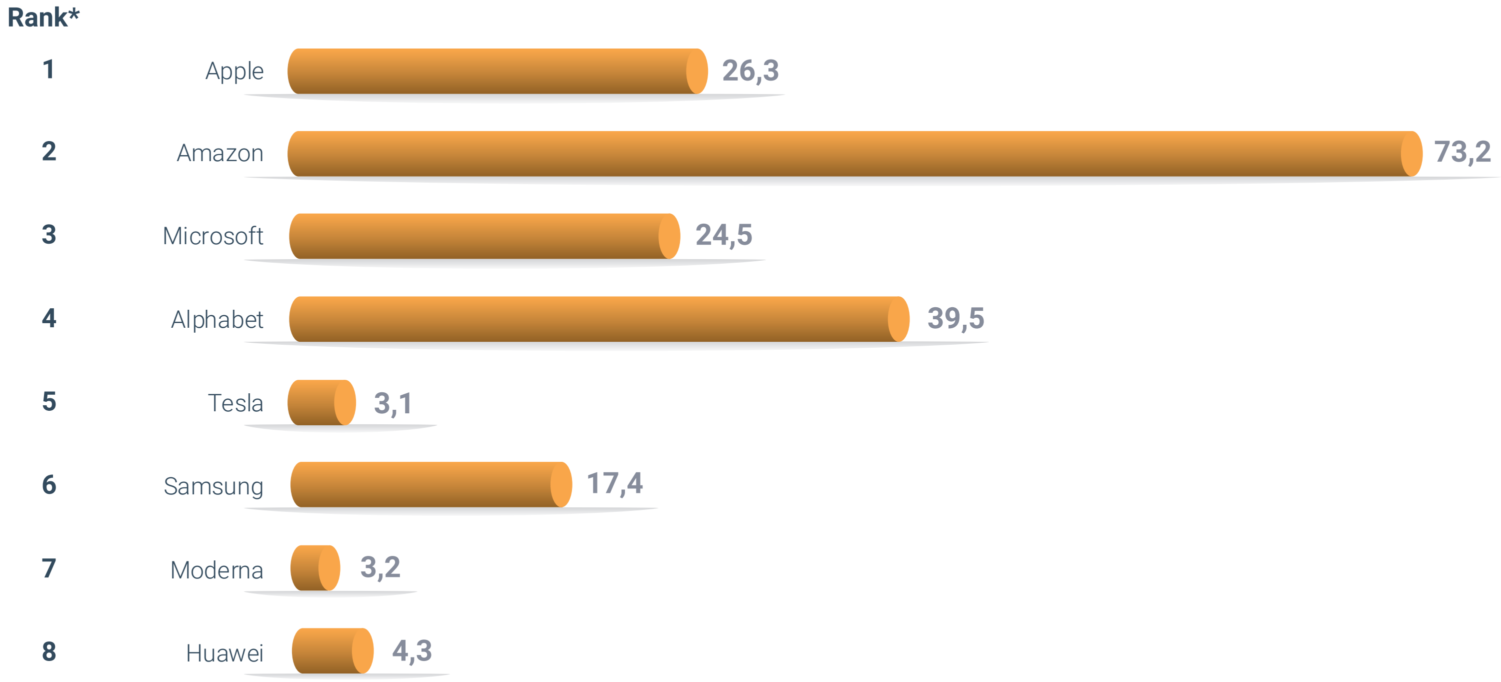
Hydrogen and CO_2 capture, storage and recovery technologies, for example, look promising, but have yet to be industrialized.

These technologies alone will not solve the problem of climate change. The innovation needed to respect planetary limits and meet minimal social foundations is as much about **challenging conventional thinking** as it is about R&D expenditure for new materials or renewable energies.

Innovation can be defined as "the introduction of some novelty into government, habits, a science, etc.; and its **result**".

It is therefore simultaneously a process and its outcome, its concretization. The **process** will be analyzed in greater detail in Part Three; in this chapter, we focus on the result.

R&D spending and innovation capacity (in billion dollars)



* BCG 2022 ranking of the most innovative companies (based on several factors, including the opinions of senior executives).
Source: *2022 annual reports.*