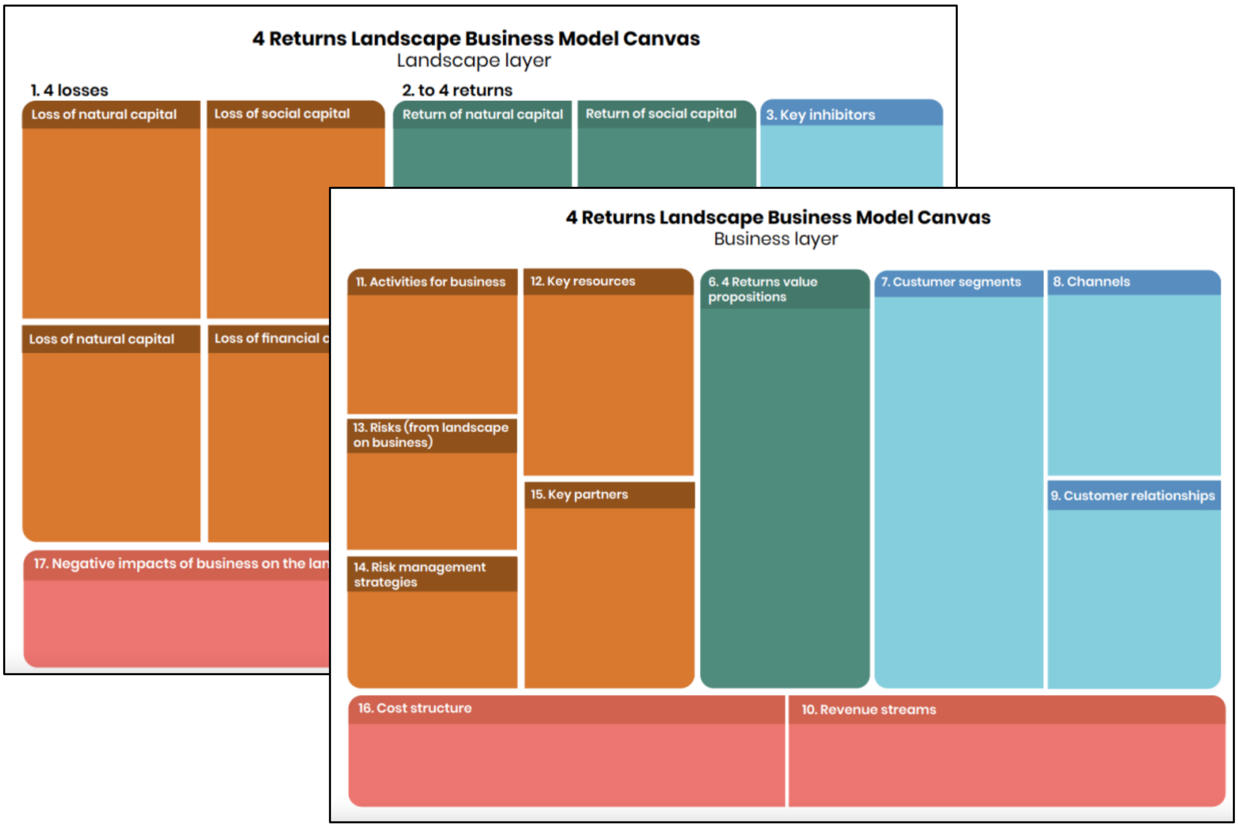
How-to guide

The 4 Returns Landscape Business Model Canvas

Commonland Foundation, October 2021



The classic Business Model Canvas & our landscape model

The Business Model Canvas (BMC) is a widely used tool to develop new, or structure and innovate on existing business models. It helps to visualise the essential elements of a business: its value proposition, infrastructure, customer segments, and finances. For a general introduction to business models, see these videos.

The original business model canvas was developed for ‘lean start-up’ companies and focused on merely financial returns. The “triple layer business model canvas” was later invented to explore sustainability-oriented business model innovation. In that version, the original business model canvas is incorporated into the triple layer canvas, labelled as the ‘economic’ layer. Two additional layers – ‘social’ and ‘environmental’ – were also added to explore the relations and impacts of the business regarding those themes.

Commonland expanded from those models to develop a new 4 Returns canvas for business models with a landscape approach. The new canvas has two layers: a landscape layer and a business layer. Step-by-step we navigate from the landscape layer to the business layer, and back to the landscape layer.
In the **landscape layer** we take the landscape perspective. It has the purpose of understanding the socio-ecological system and creating a landscape vision which delivers 4 Returns: a return of inspiration, a return of social capital, a return of natural capital, and a return of financial capital.

The **business layer** is based on this landscape vision but takes the business perspective. It visualizes the main business elements and zooms in on the returns that our business contributes to. However, our business might not be able to (initially) deliver all 4 Returns towards the landscape vision itself. Therefore, the final two steps are in the landscape layer and encourage thinking about partnerships that can supplement those gaps.

Figure 2. The 4 Returns

This tool is meant to help a business find out what their role is in achieving a landscape vision, and to help businesses take a Landscape Restoration Partnership approach (see Figure 2.). If you are not already familiar with landscape approaches or the 4 Returns framework, you can find out more on [the Commonland website](#).

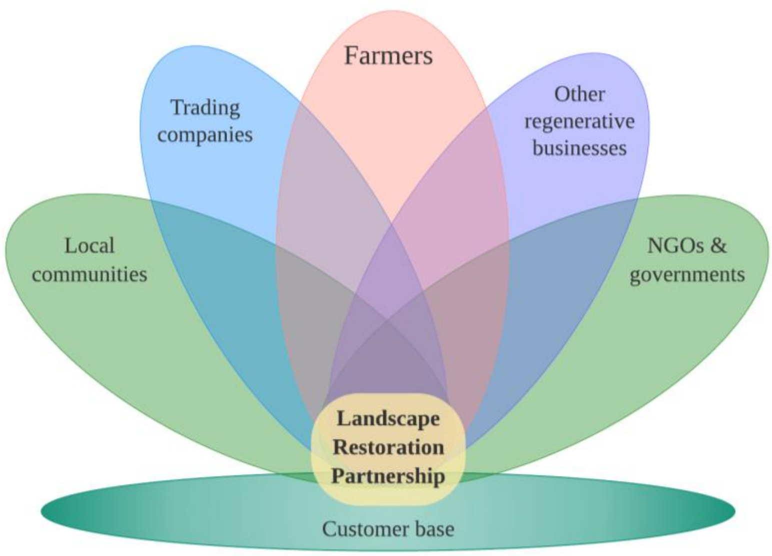


Figure 3. the Landscape Restoration Partnership lily illustration

Guidelines to using the 4R BMC

This canvas is meant as a design tool to trigger thinking about what a 4 Returns business entails. The canvas can be used to transform a business idea into a business model and adapt an existing business model to real-world experiences. In the case of this model, it could also be used specifically to innovate a traditional business model into a 4 Returns model.

Recommended is to fill in the 4 Returns Landscape Business Model Canvas in the following order:

Landscape layer

1. 4 losses
2. 20-year landscape vision
3. Key inhibitors
4. Key enablers
5. Stakeholders

Business layer

6. 4 Returns value proposition(s)
7. Customer segments
8. Business channels
9. Customer relationships
10. Revenue streams
11. Business activities
12. Key resources
13. Risks (on business activities)
14. Risk management strategies
15. Key partners
16. Costs

Landscape layer

17. Negative Impacts (of business on landscape)
18. Landscape governance

Filling in the canvas can be an iterative process – answers to questions in the latter boxes may provide us with new ideas to go back and adjust or add to earlier boxes.

We may not be able to fill in all boxes initially, which is also fine and maybe even provide a useful insight as to our proposed model. It is important to realise that a filled-in business model canvas may always remain a work-in-progress.

Instructions

This section includes a step-by-step guide that we can follow to fill in the canvas.

Step 1: 4 losses

We start by looking at the whole landscape and its current state. Land degradation generally leads to 4 losses: a loss of inspiration, a loss of natural capital, a loss of social capital, and a loss of financial capital. These can be expressed differently in different landscapes. What are the 4 losses in our landscape?

Identify the key issues in the landscape, and how these lead to the different kinds of losses. After all, this is why our business idea is needed.

Step 2: 20-year landscape vision

After having identified what the 4 losses are, we think about what we would like to see the landscape change towards. What is our landscape vision in 20 years?
How can these 4 losses be turned into 4 Returns? We describe the vision for each of the returns.

The vision is formulated on a landscape scale and over a minimum of 20 years, because that's the minimum period needed to bring back a landscape's ecological foundation.

Step 3: Key inhibitors

Now we will look at why the systems behaves as it does and produces the outcome of landscape degradation. What factors are currently preventing the social-ecological system from working as we would like it to work?

The factors may relate to the natural environment, to attitudes, beliefs, and values or to key interactions between people in the system. For example, inhibitors could be high fertilizer runoff into the local water system, low groundwater levels, or fear of change.

Step 4: Key enablers

There can also be factors in the landscape that (can) help the landscape moving towards our vision. Which factors are supporting the social-ecological system working as we would like it to work?

For example, enablers could be high recognition from the local government that change is necessary, regular rainfall, or good infrastructure.

Step 5: Key stakeholders

The last step before moving to the business layer is to identify who we believe to be impacted by the landscape degradation or may have an impact upon it. What stakeholders are affected by or affect the landscape?

It may be useful to first think about the people and other living entities directly connected to the landscape to identify key stakeholders. Who lives on the land? Who owns the land? What animals depend on the well-being of the landscape? Subsequently, we can consider broadening our thinking to stakeholders who are less directly connected. Who governs the landscape? Who are the customers of the products produced on the landscape?

Step 6: 4 Returns value proposition(s)

We've moved to the business layer. In the value propositions box, we try to answer the question: What value is created with our business model and for whom? This isn't about what we sell, but rather why it matters.

In these boxes, we answer which of the 4 Returns (of step 2) we target with our business idea. It is essential to realise that we do not need to achieve all 4 Returns simultaneously or by ourselves; there can be an order and timeline in which the focus is on specific returns, and/or we can realize some of the returns in a partnership. This is a lesson learned by Ben Cole, founder and managing director of Wide Open Agriculture, the world's first stock exchange-listed regenerative agriculture company:

"We have learnt the vital lesson of staging our focus on specific returns. Initially, we tried to achieve all 4 Returns all of the time! This nearly broke us as a team and financially. So now, we strategically prioritise which returns we will focus upon over the short, medium and long-term. I believe if businesses don't prioritise, they are at a risk of trying to do too much."

Step 7: Customer segments

In this box, we consider the different types of customers attracted to our business idea. We answer the question: Who is looking for the value we provide? Who is willing to pay for that value?

Customer segments may include individual buyers, but also wholesalers, farmer partners, governments, other businesses, communities, or other groups. Take into consideration all of the various segments that apply to our business.

Step 8: Business channels

Now that we've determined who our customers are, the question that naturally follow is: Through which channels will we reach our customers?

Consider:

- How do we first encounter our customers?
- How do we deliver our value proposition?
- How do we expect channels might change over time?

Step 9: Customer relationships

Now that we have determined our different customer segments and the channels to reach them, ask: How will we nurture the relationships with our customers?

Consider:

- How do the different customer segments require different types and amounts of interaction?
- Are we hoping for a long-term or a short-term relationship with the different segments?
- Will the relationships be personal or efficient (with the use of technology)?

Step 10: Revenue streams

The revenue streams box includes all finance that the business generates. Which are the revenue streams we currently have or wish to develop for our business model?

Revenue can be created through sales or services, but also from other sources as donations or subsidies. We can use different strategies to create revenue, like licensing, pay-per-use, etc.

Step 11: Business activities

Which activities are required to deliver our products and services? These are the processes and tasks that must be completed in order for our business to function and customers to be served. Recall that different activities may be necessary for the different functions of the business and depending on which of the 4 Returns are prioritised.

*Note that these should be the key activities that directly support our business model.

Step 12: Key resources

Which are the resources that we need to run our business?

These key resources form our dependencies. All businesses are to some degree dependent on benefits provided by the environment. It is important to identify such dependencies and define a strategy for safeguarding these benefits or services (see step 14). To learn more about business dependencies on ecosystem services, go to the Environmental benefits and business decision making toolkit by the Scottish

Environment Protection Agency. The toolkit also provides a helpful dependencies checklist which could help us to identify our dependencies:

- "Which types of environmental benefit or ecosystem service does our business depend upon and how critical are these to our operation?
- How are these benefits or services derived? Do we know where they are provided and who controls or influences them?
- How much security or confidence do we have over their future supply?"

Step 13: Risks (on business activities)

Which parts of the environmental, economic, and socio-cultural systems upon which we rely are most uncertain and/or prone to problems?

There can be external factors that could negatively affect our business activities. Restorative businesses may be particularly vulnerable to external risks, such as those from environmental and social factors.

Examples are natural hazards, change in politics, the overall economic situation, lifestyle trends, and demographics. Consider also the risks that our key resources (step 12) cannot be provided.

**Note that risks and costs are related in that risks, if they do materialise, will then translate into additional costs. Risks are important to add because they may also impact a businesses ability to garner investment.*

Step 14: Risk management strategies

What activities should we undertake to de-risk activities for our business?
Resilience is the ability to recover from shocks, and as such a more resilient landscape is stronger and less risk-prone.
The extent to which businesses can influence these dependencies and manage the associated risk to their business varies. Here is some guidance on how risks could be managed from the Environmental benefits and business decision making toolkit of the Scottish Environmental Protection Agency:

- "Some businesses are able to reduce risk by *controlling the supply of the environmental benefit* or service in question. A business that is dependent on high quality water supply might, for example, secure its own private water supply. A farm or orchard business might improve habitat for bees and other pollinators, while an increasing number of food retailing businesses gain ownership or contractual control over processors and even producers.
- Some businesses take a proactive approach to *maintain, enhance or guarantee the supply of a particular benefit or service*. Examples might include negotiating with upstream land managers to protect the quality of water supplies for

distilleries, or building links with local communities to ensure that issues are identified and addressed before they become business critical.

- For many businesses, there are fewer opportunities to directly influence or secure the environmental services upon which they depend. In some cases businesses can *collaborate to create a stronger 'buying' power or a more effective lobbying voice* in calling for protection of the landscape, improved flood regulation or measures to deal with pests and diseases.
- In other cases, the benefit in question will be regulated, for example by the land use planning system, flood risk management plans, support mechanisms such as the Scotland Rural Development Plan or climate change strategies. By *engaging with the development and implementation of these policies*, businesses or groups of businesses can help ensure that the benefits they depend upon are properly planned for."

**Note that these activities are likely not the same as the key business activities that we have already listed for our daily business operations and strategies, though there may be overlap. These are activities that specifically reduce costs, address risks, and add value to the system at large. As such, although they may not be central to creating profit, they add to the vision of the Landscape Restoration Partnership.*

Step 15: Key partners

As a business we enter partnerships which will allows us to perform our operations and deliver our value proposition. Who are our key partners for our business operations?

As a 4 Returns business, we are also entering the restoration economy and the Landscape Restoration Partnership that surrounds it. However, in this step we solely look at the partners regarding our business activities. The partners needed to get to our landscape vision are filled in in step 18.

**Note that there may be some overlap between customer segments and partners if one group belongs to both. For example, farmers may be both a customer segment if they pay for certain services or membership fees and a key partner if they are also the suppliers of products.*

Step 16: Costs

Every business has costs. A good balance between the financial costs and revenue streams are crucial for a sustainable business model.
What are the costs inherent to our business model?

The financial costs are the typical costs that our business must pay in order to function, which are very important to know in order to determine profits and attract investors.

Step 17: Negative impacts (of business on landscape)

In the 4 Returns model, we want to consider both financial costs and also the costs which result from market failure – i.e. social, environmental, and inspirational costs. What negative impacts does our business have on the landscape?

Market failure costs are any additional costs which we are imposing on the landscape and system on which we rely. These are important to know because they may weaken the system and ultimately cause risks and future costs. For instance, we could actually weaken trust (inspiration) or relations (social capital) in an area if issues arise because some farmers want to work with us and others do not. Or some of our restorative activities themselves might represent these costs in the form of trade-offs. For example, increasing biodiversity and soil health by planting foliage (such as trees and groundwater) could actually decrease the groundwater reservoir of a semi-arid area in some cases.

Sometimes we may be able to minimise or offset these costs, but even if not the case, it can be helpful just to be aware of them. If we find out that the (potential) negative impacts of our business are very large, it might be wise to revise the business model or find partners that can help to reduce these impacts.

Step 18: Landscape governance

Our 4 Returns restorative business will add to the rich world of the growing restoration economy. Think about the returns that we cannot deliver on, or the negative impacts that our business might have on the landscape. Through partnerships, we can still contribute to these returns on a landscape level. How does our business take part in the greater restorative business ecosystem and landscape restoration partnership?

Consider:

- Will our organisation be a part of planning across sectors to create strategic system change?
- What activities would we coordinate, orchestrate, or collaborate on with various partners in the LRP in the aim of restoration/regeneration?
- How might this change over time?