



A Guide to
Creating Exponentially
Better Companies

The New Wave of Value Creation

TeKes

Transformational is the New Black

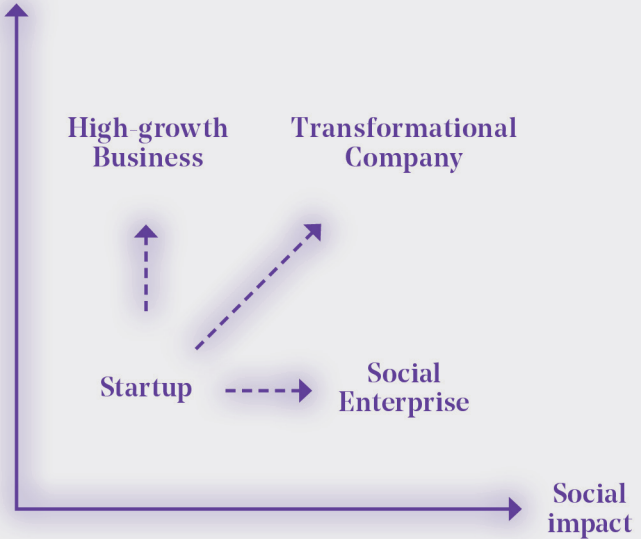
Have you ever mused on the idea of optimizing your company to reflect your own humanity, values, hopes and dreams? Would your enterprise become more beautiful inside, or even shift its course altogether for something that changes millions of lives for the better? If you haven't thought about this yet, it's about the time because that's what success means on the surging new wave of value creation.

Back in the days, the common wisdom was that companies exist for creating and capturing value. This idea has dominated the mainstream economics and management thinking for a good reason: it has allowed companies to focus on profit-making, the vital element behind the well-being of every business. And these companies have had an astonishing impact on our lives. We bathe in the marvels of democratized consumption culture, from imaginative technologies to amusing hedonistic experiences.

But there is a snag. The priority of profit became the default setting for business in a bygone era. That was a time when neoclassical assumptions stated people were solely motivated by self-interest; markets believed in never-ending progress; economists associated human prosperity with maximum consumer satisfaction; and managers run businesses as if those were insulated from all societal and environmental matters.

Fast forward to the 21st century, into a world of rapid transformation and epic challenges that range from drastic technology and culture shifts to escalating climate crisis and mounting social issues. The changed realities have urged a new generation of companies who believe they can do better. We call them transformational companies who combine the best properties of high-growth technology business and high-impact social enterprise to scale up their value creation.

Economic
impact



IN SPACE FOR BETTERMENT OF LIFE ON EARTH

Planet Labs, based in San Francisco, makes small, cheap satellites – or the largest constellation of earth imaging doves as they call them – and puts them into outer space to create a daily updated high-resolution view of the earth. Started in 2010 by a group of NASA engineers, it aims to democratize access to information about our changing planet.

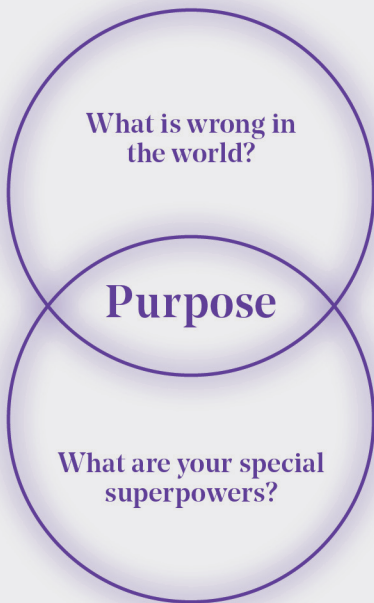
Find Your Own Transformational Potential

Transformational potential starts from a big purpose – the powerful reason behind your company's existence. Your purpose is the glue that connects your brand with your offering and aligns the whole value system, from your company culture to organizational structure, external partnerships and beyond. It is the powerful message that you can use to inspire people inside and outside your company, attract the right investors and talent, and bring in the best customers.

Your purpose lies at the intersection of the biggest problems in your world and your special superpowers to solve them. But simply stating that you solve the climate crisis or reduce obesity does not qualify as a great purpose. Instead, you need a progressive, systemic and empathetic take on the challenge that is combined with a feasible breakthrough solution.

Companies like Patagonia innovate constantly around their purpose, making sure it resonates with the world and that the actions it enables are beneficial for individuals, communities and the environment. For example, they create long-lasting products from reusable and sustainable materials, only invest in ecological manufacturing technologies and incubate new businesses that expand their impact beyond their current category.

The skillfully crafted purpose is a both strategic and practical tool that helps you to think, make, test and deploy exponentially better means for abundant value creation. This is how you begin to design a transformational company that can reflect your own humanity – and perhaps ends up exceeding even your wildest dreams.



USING BUSINESS TO INSPIRE AND IMPLEMENT SOLUTIONS TO ENVIRONMENTAL CRISIS

Patagonia is a trailblazing outdoor clothing and equipment company, started in California in 1973. Patagonia's recent success stems from their effort to optimize the whole business – including the supply chain, investments, products, marketing and beyond – to serve their big purpose: "Build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis." As a result, Patagonia has doubled its operations and tripled its profits to over \$600 million in the past five years.

Transformational Companies Create Abundant Value

The transformational companies don't just solve their customers' problems and deliver value propositions for financial profit. Instead, they understand problems much more systemically and strive for abundant value creation on many social scales at once.

A closer look to value reveals how value has many meanings and characteristics. On personal level, we tend to separate functional and emotional dimensions, while on shared level we often talk about social and cultural dimensions of value. Then there's money, which we use to put a number on the experienced value, often during a process of exchange.

In practise, value is always an intangible experience we have of the things, ideas and actions around us. From a human perspective, nothing is valuable before we define that value individually and collectively. All our experiences – even largely our personal interests – obtain their value in relation to the current social situation and the surrounding cultural fabric.

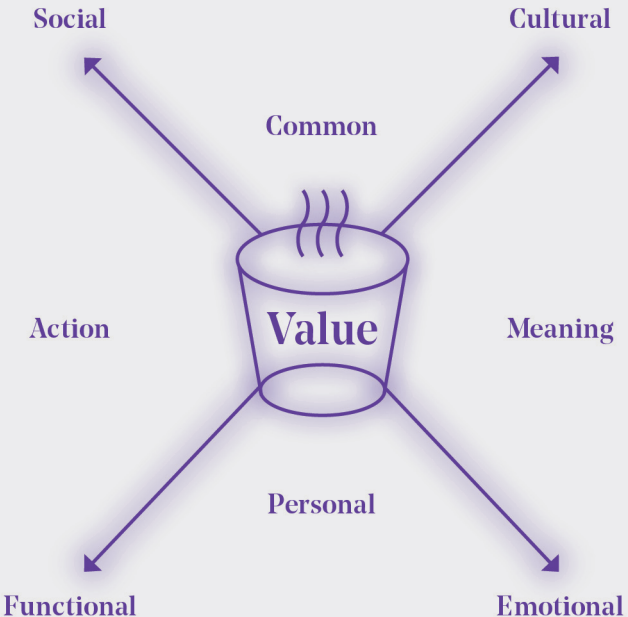
We are an entirely social species, and as tribal it may sound, we ultimately value most the things that are seen important in our communities and society. For example, a recent Swedish study found that organic coffee actually tastes better than conventional coffee, when people evaluated the taste of coffee from two cups with different labels but exactly the same content. That is largely because our cultural values imbue wholly our personal experiences.

In the context of business, this means no company, brand, platform or product posses any inherent value – but they all can become invaluable when their actions and meanings are resonating well with the world. Abundant value emerges when companies are championing important cultural movements and enabling collective action for a big purpose – and manage to connect these shared aspects of value with the good old functional and emotional personal benefits.



EYEWEAR WITH A PURPOSE HELPS TO SEE THE CHANGE

Warby Parker, founded in 2010, offers designer eyewear at a revolutionary price, while leading the way for socially conscious business. Their recipe for value creation combines a portfolio of good-looking and affordable eyewear, a supreme digital-first shopping experience, and a big purpose: for every pair glasses sold they provide a pair for free for those in need. So far, they've sold over a million pair of glasses and secured over \$116 millions in funding with a \$500 million valuation.



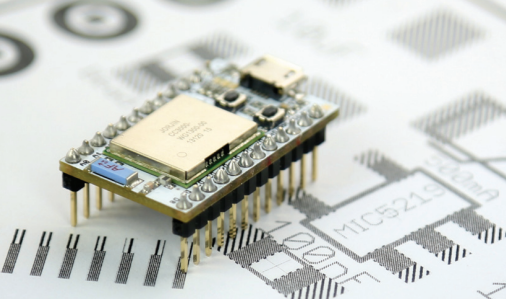
Value Scales Up on Platforms and in Networks

We are venturing into a platform era where network effects dominate, algorithms do things on our behalf, objects are connected and data is everywhere. Transformational companies use these and other clever building blocks to create superior value systems where products, services and brands are only the visible tip of the iceberg of the transformational whole.

This systemic approach allows them to create value on various scales and capture it potently with multi-sided platforms and diverse revenue streams. For example the platforms à la Airbnb, Uber and Etsy manifest well the power of networked value creation. They've created whole new experiences and better means for facilitating the social actions and exchange between people – and not just designed another set of products or services that they would sell to consumers.

The network effects mean that when more people use their platforms the more valuable these become for everyone involved. This also leads to exponentially increasing potential for impact on the real world, which largely explains their multi-billion-dollar valuations, disruptive effects on traditional competitors and the increasing public outcry when these companies fail to get their mojo right.

On the new wave of value creation we'll see how companies take their impact seriously and create more open platforms, personalized service systems and intelligent environments that allow them to better tackle the problems we collectively hold dear. These value systems won't be optimized just for efficiency and profit, but also for bigger values such as joy, comfort, well-being, access and equality – that allow companies to become exponentially better.



OPEN SYSTEMS OF CONNECTED THINGS – OR HOW TO OPTIMIZE VIRTUALLY EVERYTHING FOR ANYTHING YOU DESIRE

Spark builds an open source platform and operating system to power the emerging ecology of connected things. The company's Spark Core development kit helps engineers, designers, and makers to develop connected hardware products, while the Spark Cloud provides an infinitely scalable platform to operate the things. The Spark Core raised \$567K on Kickstarter in 2013, and now has thousands of developers creating connected products on the platform.

Abundant Value

Product
& brand

Value system

Curious to know more?

Wevolve is a transformation company that helps build businesses capable of changing the world. We explored with Tekes' Feelings programme what does value creation look like in the 21st century, with a purpose to support companies to become exponentially better in what they do. The research was done in Europe and on both coasts of the U.S., where we interviewed 25 leading thinkers and doers on new value creation from the worlds of startups, corporations, agencies and academia.

www.wevolve.us

Tekes – the Finnish Funding Agency for Innovation is the most important publicly funded expert organisation for financing research, development and innovation in Finland. We boost wide-ranging innovation activities in research communities, industry and service sectors. Tekes works with the top innovative companies and research units in Finland. Every year, Tekes finances some 1,500 business research and development projects, and almost 600 public research projects at universities, research institutes and universities of applied sciences.

www.tekes.fi

The Feelings programme wants to raise customer experience, emotions and meanings as key business drivers besides technology and expertise. In addition to emotions and customer experience, the programme encourages companies to exploit all of their intangible assets better, including brands, reputation and knowledge capital.

www.tekes.fi/en/feelings

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