

Sustainability Blog

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Strategic Business Transformation: How Human-Centered Design Drives Sustainable Innovation and Competitive Advantage

Transforming strategic misalignment into sustainable competitive advantage while addressing an immediate liquidity crisis in the volatile carbon market

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Through a recent engagement with TREEO, a technology-enabled environmental services company in the CDR (Carbon Dioxide Removal) market, strategic advisors, part of the sustainable innovation taskforce, demonstrated how human-centered design principles can become a powerful strategic tool for sustainable innovation, delivering measurable value across multiple stakeholder groups while creating positive environmental and social impact.

In today's volatile business environment, organizations face unprecedented pressure to transform their business models through sustainable innovation while maintaining operational excellence and stakeholder confidence. The strategic challenge isn't just identifying new opportunities—it's aligning diverse stakeholders around a unified vision that drives sustainable competitive advantage through regenerative business practices.

The Strategic Challenge: Fragmented Vision Threatens Business Continuity

TREEO faced a critical strategic inflection point that threatened both their market position and financial viability. With only 12% of planned revenue materialized by mid-year and liquidity projected to run out within months, the organization needed to execute a rapid but strategic pivot.

The business challenge was compounded by competing strategic visions across key stakeholder groups:

- **Technology leadership** advocated for a pure SaaS model to leverage their monitoring platform's competitive advantages
- **Regional operations** championed localized project development to maximize market penetration
- **Executive leadership** sought scalable solutions that would attract strategic investment and drive valuation
- **Field operations** pushed for asset-heavy, community-focused models to differentiate from competitors

Geographic distribution across Europe and the Global South created additional strategic complexity, with each market presenting distinct regulatory environments and competitive dynamics. Traditional strategic planning approaches had produced competing business cases rather than integrated value propositions, threatening to fragment resources and dilute competitive positioning.

The fundamental question became: How do you transform strategic conflict into sustainable competitive advantage while addressing an immediate liquidity crisis?

Strategic Objectives: Value Creation Through Systematic Stakeholder Alignment

Our human-centered engagement approach targeted three critical business outcomes that would drive both immediate survival and long-term competitive advantage through sustainable innovation:

- **Strategic Alignment for Sustainable Competitive Advantage:** Transform competing visions into a unified strategic direction that leverages organizational strengths across all business units while creating measurable environmental and social value
- **Value-Driven Sustainable Innovation Planning:** Apply rigorous business analysis to prioritize opportunities based on market potential, sustainability impact, resource requirements, and strategic fit
- **Execution Excellence for Regenerative Growth:** Develop implementation roadmaps with clear value milestones, resource allocation frameworks, and performance metrics that balance financial returns with environmental and social outcomes

The strategic methodology positioned human-centered design not as a facilitation tool, but as a core business capability for creating sustainable competitive advantage through superior stakeholder alignment and organizational agility toward regenerative business models.

Strategic Design Methodology: Four-Phase Value Creation Framework

Phase 1: Strategic Stakeholder Intelligence and Root Cause Analysis

We began with comprehensive stakeholder analysis, treating each group as a strategic asset whose capabilities and constraints needed to be understood before value could be optimized. Rather than accepting surface-level conflicts, we applied systematic root cause analysis to understand the fundamental drivers behind stakeholder positions.

5 Whys – Identifying Root Causes for Failure

Identify the root causes for each key failure using the '5 Whys' methodology. Following the analysis, rank the root causes based on two criteria: controllability (what we can realistically change) and business impact. This prioritization matrix helps focus resources on the most actionable and impactful root causes.



Using the 5 Whys framework, we identified for example that stakeholder trust issues were merely surface level symptoms of deeper systemic challenges for not delivering on revenue goals.

Our analysis revealed:

Why 1: Surface-level - Stakeholder trust issues

Why 2: Market dynamics - Constant change and price volatility

Why 3: Product quality - Lack of transparency leads to unreliable emission reductions

Why 4: Market structure - Oversupply and compliance gaps

Why 5: Fundamental driver - Economic/Political prioritization

Root Cause Identified: Misaligned incentives prioritizing short-term economic gains over long-term environmental integrity and market credibility

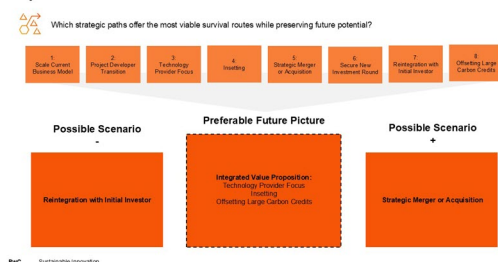
This systematic diagnosis revealed that the organizational challenge wasn't just about choosing between competing value propositions—it was about addressing fundamental market structure issues that required an integrated approach to create sustainable competitive advantage.

The 5 Whys analysis shifted the strategic conversation from internal positioning battles to external market opportunities, enabling stakeholders to understand which root cause they can influence and improve internally, and which causes for failure were highly critical for business viability but external to their control, rather the company's offering needs to excel in addressing and going beyond systemic market failures.

Phase 2: Strategic Scenario Development and Integrated Value Architecture

Moving beyond traditional SWOT analysis, we developed eight distinct business scenarios that maximized organizational assets while addressing market opportunities through sustainable innovation frameworks.

Key Future Business Scenarios



Our systematic scenario development identified eight strategic pathways:

1. Scale Current Business Model - Optimize existing operations based on carbon credits

- 2. Project Developer Transition** - Expand into development capabilities
- 3. Technology Provider Focus** - Leverage tech monitoring capabilities advantages
- 4. Insetting** – Expand into supply chain sustainability solutions
- 5. Strategic Merger or Acquisition** - Consolidate market position with larger player in the field
- 6. Secure New Investment Round** - Scale through capital injection
- 7. Reintegration with Initial Investor** - Leverage existing relationships
- 8. Offsetting Large Carbon Credits** - Enter high-volume carbon deals

Strategic Innovation: Integrated Value Proposition

Rather than selecting between competing options, our analysis identified an integrated approach combining:


Technology Provider Focus (core capability) with Insetting (market demand) while honing on existing Offsetting Large Carbon Credits opportunities in pipeline (scale potential).

This integrated value proposition leveraged existing infrastructure while addressing multiple market segments, creating sustainable competitive advantages through portfolio diversification and risk mitigation.

Phase 3: Strategic Business Case Development Through D-V-F Analysis

With market-validated scenarios identified, we applied rigorous business analysis using the Desirability-Viability-Feasibility (D-V-F) framework to prioritize implementation.

Strategic Business Scenarios Prioritization by D-V-F

 **Desirability:** Does the market want this? **Feasibility:** Can we build/deliver this? **Viability:** Will this sustain our business financially? Successful scenarios meet all three. Ranking scenarios across D-V-F helps identify the "sweet spot" where market demand, organizational capability, and business sustainability intersect.

Strategic Option Ranking by Desirability, Feasibility, Viability		For the Three Highest Ranking Options, Define Duration	
Ranking: 1 = Very Low 2 = Low 3 = Medium 4 = High 5 = Very High		Short: 1-3 Months Mid: 3-6 Months Long: 6-12 Months	
Strategic Option 4: Insetting			
Dimension	Rating (1-5)	Rationale for Rating	Comment
Desirability	5	Example: Current approach has proven value to existing customers but growth has been slower than expected	Leads to real, measurable revenue reductions
Feasibility	4	Example: We have the infrastructure but need stronger sales and marketing capabilities	Resources for insetting are available
Viability	4	Example: Customer acquisition costs are high relative to lifetime value	Significant investment in forcing into insetting solutions, driven largely by strong demand and expectations from customers
Total	13		

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Strategic Business Scenarios Prioritization by D-V-F

Each scenario was evaluated across three critical dimensions:

Desirability: Does the market want this?

Feasibility: Can we build/deliver this?

Viability: Will this sustain our business financially?

Top Priority: Insetting (Scenario 4)

Desirability (5/5): Current approach though in early stage, proven value to existing customers, answering clients' pain point of measurable emission reductions and contributing to supply chain resilience

Feasibility (4/5): Infrastructure exists but requires stronger sales and marketing capabilities

Viability (4/5): Significant investment flowing into insetting solutions, driven by strong demand and customer expectations

Total Score: 13/15 - Highest ranking across all scenarios

Timeline: Mid-Long term implementation (3-6 months)

Business Scenario Canvas for Insetting

We developed a comprehensive business model canvas that detailed:

Executive Summary: Stabilizing and decarbonizing forestry and agriculture supply chains through data-driven insetting projects implemented within supply chains strategically essential to customers' business model

Core Value Proposition: End-to-end sustainability integration developing, implementing and managing supply chain-specific projects that provide measurable paths toward environmental goals through comprehensive monitoring and data collection

Market Opportunity: Insetting evolving from niche topic to important tool for securing supply sources and achieving sustainability goals. Growing volume increase due to rising business risk and regulatory pressure

Key Client Segments: Companies from forestry and agriculture commodity sector

Competitive Advantage: Proven monitoring technology paired with agile and experienced team, addressing lack of end-to-end transparency across reforestation and sustainability projects

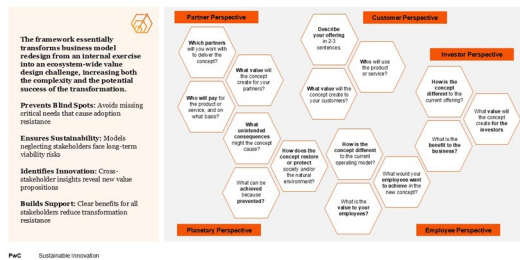
Business Scenario Canvas for Scenario 4: Insetting



Phase 4: Interconnected Value Creation and Strategic Validation

The final phase applied our proprietary Interconnected Value Creation framework to ensure strategic solutions created value across all stakeholder perspectives while building sustainable competitive advantage.

Interconnected Value Creation for Business Transformation



Interconnected Value Creation for Business Transformation

This framework transformed business model redesign from an internal exercise into an ecosystem-wide value design challenge, examining five critical stakeholder perspectives:

Partner Perspective: Which partners will you work with to deliver the concept? What value will the offering create for your partners?

Customer Perspective: Who will use the product or service? What value will the offering create for your customers?

Investor Perspective: How is the concept different to the current offering? What value will the offering create for the investors?

Employee Perspective: What would your employees want to achieve in the new offering? What is the value to your employees?

Planetary Perspective: How does the new offering restore or protect society and/or the natural environment? What unintended consequences might the concept cause?

Strategic Benefits of Holistic Stakeholders Lens

Prevents Blind Spots: Avoids missing critical needs that cause adoption resistance

Ensures Sustainability: Models neglecting stakeholders face long-term viability risks

Identifies Innovation: Cross-stakeholder insights reveal new value propositions

Builds Support: Clear benefits for all stakeholders reduce transformation resistance

Business Value: This comprehensive stakeholder analysis revealed interconnections between stakeholder needs that became the foundation for integrated value propositions, ensuring long-term sustainability while addressing immediate business challenges

From Strategy to Execution: Stopping the Liquidity Crisis While Building New Growth

The immediate challenge was clear: Generate cash flow within 60 days while positioning for sustainable growth. Our implementation roadmap addressed both survival and transformation simultaneously.

Immediate Cash Flow (Months 1-3): We focused on maximizing revenue from existing capabilities. The TREEO team streamlined current monitoring services, reducing operational costs, and securing new insetting contracts by leveraging existing client relationships. This bought critical time while preserving core capabilities.

New Market Entry (Months 3-6): With liquidity stabilized, resources shifted to expanding the insetting solution. Using proven monitoring technology, TREEO developed supply chain sustainability packages for existing forestry and agriculture clients. Initial pilot projects generated new revenue while demonstrating measurable environmental impact.

Scale and Integration (Months 6-12): The proven insetting model enabled scaling into larger corporate clients. By combining technology platform capabilities with field operations expertise, TREEO achieved new market revenues while maintaining profitability.

This pragmatic approach transformed strategic analysis into executable steps that addressed immediate survival needs while building sustainable competitive advantage.

30-60-90 Day Strategic Roadmap for Business Model Transformation

The roadmap follows a logical progression from Stabilize → Execute → Optimize



Strategic Business Value: Sustainable Innovation as a Competitive Advantage

The strategic impact extended far beyond crisis management to create lasting competitive advantages through sustainable innovation, what we achieved can be broken down to the following benefits:

Psychological Safety for Stakeholders: Enabled breakthrough thinking that generated novel solutions addressing multiple stakeholders needs while creating new market opportunities in regenerative business models

Market Intelligence Integration: Geographic and functional diversity transformed from coordination complexity into strategic intelligence gathering that enhanced market responsiveness and competitive positioning in sustainable innovation sectors

Strategic Execution Excellence: Shared understanding of strategic rationale drove alignment, commitment and speed for transformation, creating competitive advantages in market timing and resource efficiency

Organizational Agility for Regenerative Growth: The process leveraged systematic capabilities for ongoing strategic adaptation toward transformation and regenerative growth in volatile markets while delivering measurable economic, environmental and social value

Strategic Implications: Human-Centered Design as Core Business Capability

This engagement demonstrates that design represents far more than a facilitation methodology—it constitutes a strategic business capability that drives measurable competitive advantage through sustainable innovation.

For business leaders navigating similar strategic challenges, three critical insights emerge:

1. Systematic Root Cause Analysis Unlocks Strategic Opportunities

The 5 Whys methodology revealed that surface-level stakeholder conflicts often mask deeper market structure opportunities. Organizations that address fundamental market failures through integrated solutions create sustainable competitive advantages while solving systemic industry challenges.

2. Integrated Value Architecture Outperforms Strategic Thinking

Traditional strategic planning forces choices between competing options, leaving value on the table. Human-

centered design enables both/and strategic architectures that create multiple value streams while maintaining operational coherence and environmental responsibility.

3. Stakeholder-Centric Innovation Creates Sustainable Competitive Advantage

The Interconnected Value Creation framework ensures that business transformations create value across all stakeholder groups, building natural adoption momentum and reducing implementation resistance while addressing long-term sustainability requirements.

The strategic lesson extends beyond crisis management to fundamental competitive positioning:

Organizations that embed human-centered approaches to sustainable innovation alignment will consistently outperform competitors in market adaptation, innovation velocity, and stakeholder value creation while contributing to planetary regeneration.

In an era where competitive advantage increasingly depends on organizational agility and stakeholder engagement around sustainability challenges, human-centered design capabilities have evolved from operational tools to strategic imperatives for sustainable business success and positive environmental impact.

The future belongs to organizations that can rapidly align diverse stakeholders around sustainable innovation opportunities while maintaining execution excellence and environmental responsibility. Human-centered design provides the strategic framework for achieving this competitive advantage through systematic stakeholder intelligence, integrated value architecture, and organizational agility for regenerative growth.

Also interesting:

- <https://blogs.pwc.de/en/sustainability/article/246939/learn-how-to-build-resilient-sustainable-and-innovative-business-models/>
- <https://blogs.pwc.de/en/sustainability/article/245957/sustainable-business-models-insights-into-conceptual-canvas-for-starting-your-transformation/>
- <https://blogs.pwc.de/en/sustainability/article/241440/world-economic-forum-in-davos-future-scenarios-for-sustainable-economic-growth/>

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

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Keywords

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Contact



Hadas Zucker

Berlin

hadas.zucker@pwc.com