

BTO Executive Summary

Inventory of problem areas and opportunities for multiple value creation leads to recommendations for the water sector

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On the road towards multiple value creation (MVC), drinking water utilities can make the business case competitive and comprehensive by, for instance, incorporating non-tangible values. New financing constructions and transaction values are also a possibility. Moreover, complexity can be broken down by facilitating new forms of collaboration, such as co-creation initiatives. These and more recommendations arise from the research in which experts were asked about the opportunities to enable MVC in the water sector. Problem areas were also identified and a literature study was conducted on non-tangible values in the business case. The water sector is experimenting with new ways of organising utilities and inter-connecting different societal objectives. With the passage of the Environment and Planning Act, among other factors, there is a growing need to seek these connections with other sectors and to jointly create added value.



Challenges for multiple value creation: How do you weigh different values against each other?

Interest: realise multiple value creation in the water sector

The focus in today's economic system is often directed at financial costs and benefits, which are moreover inadequately calculated. Traditional business models often do not promote the creation of multiple value. But it is also true that thinking

beyond the traditional business case is slowly gaining ground. More and more novel approaches to organisation are emerging, in which multiple value creation is more frequently placed at the centre. MVC ties in the solution of societal problem areas with the business case and creates value (or

cost-savings) for multiple parties. MVC is not only sensible and important, but with the passage of the Environment and Planning Act it will increasingly become the norm. It is therefore important for the drinking water utilities to seek connections with other sectors, and to jointly create added value (and make cost-savings) in order to address societal challenges. But there are many questions that need to be answered. What are the connection opportunities with other sectors? What are the kinds of collaborations that could arise? What are the values that are created in the water sector?

Approach: literature study, interviews and work session

The results of this study were reached through qualitative research. Use was made of a concise literature study, nine semi-structured interviews with MVC experts, and a work session with water sector strategists. The experts came from different organisations and fulfilled a variety of functions. A pre-set list of questions was used in each interview. The greatest portion of the research involved the interviews and the work session.

Results: Problem areas and opportunities

Knowledge about MVC is running behind the practice. Scientific literature that incorporates non-tangible values into the business case is scarce. The experts also indicate that realising MVC is rendered difficult because of divergent challenges. Non-tangible values (such as biodiversity) need to be quantified, the policy is fragmented and different special interests make it complex. But the experts do propose a number of solutions to enable (more) MVC. For example, the business case needs to be made competitive and comprehensive by, for instance, incorporating non-tangible values. New financing constructions (such as funds) and transaction values (hours) are also a possibility. Moreover, complexity can be broken down through

new forms of collaboration, such as co-creation initiatives.

Implementation: recommendations for the implementation of multiple value creation

The research results in the following recommendations for the implementation of MVC in water utility practice:

1. Broaden the scope of the business case by incorporating externalities (positive and negative) and future opportunities;
2. Develop alternative instruments that enable investments from third-parties;
3. Develop new organisational forms to accommodate multiple value creation;
4. Make decisions on the basis of the greatest societal value, and not of the lowest societal costs;
5. Identify the societal values that the water sector produces and report on them, for instance, through Integrated Reporting or the Six Capitals approach;
6. Seek organisations that are able and willing to contribute to the objectives of the water sector, and engage them in collaborations;
7. Establish which societal objectives the water sector can contribute to, and seek partners with whom smart connections can be made.

Report

This research is described in the report *Meervoudige waardecreatie voor de watersector* (BTO-2020.016).