

## **How to create sustainable value? The case of Crepes & Waffles**

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## **Abstract:**

**Introduction / Objectives:** After decades of industrialization and its subsequent society of consumption, humanity starts to become aware of the limits of earth in terms of exploitation of its natural resources, contamination and resilience. Leaders of all kinds -politicians, spiritual leaders, academics, activists- (see for instance Guggenheim and Gore, 2006; Bergoglio, 2015; Ifees eco islam, 2015; Hansen, 2012; Magrin, 2015; Steffen et al., 2011) are calling for initiatives and building paths towards more sustainable behaviors, thinking about the long term consequences of our actions for next generations.

Some cases of successful society transformation and environment preservation through economic activity already exist. We need to learn from them and to understand how the path towards sustainability is, to be able to replicate their initiatives and prepare future leaders.

Crepes and Waffles is one of them. Created in 1980 in Bogota, Colombia, this purposeful restaurant offers “an art that transforms a food into love and joy, nourishes the soul and the body, coveting palates, conquers hearts”<sup>1</sup>, according to their value proposition. Today, it is one of the biggest and most successful restaurant chain in Colombia and Latin America, famous for the quality of its products and services, for the social value it creates and for its sustainable value chain development strategy.

The purpose of this paper is to understand how Crepes and Waffles (C&W) creates sustainable value. Three subordinated questions derive from it: How does C&W create economic value? How does it create social value? How does it create environmental value? To answer those questions, we work from the Business Model perspective.

**Literature Review:** Value is the capacity of an organization to satisfy a need or generate a benefit for a person or an organization through its goods, services or activities (Haksever, Chaganti, & Cook, 2004). Organizational value creation cannot be conceived without taking into account the value exchanges with its stakeholders and is created at three different levels: the financial, the non-

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<sup>1</sup> See: <http://crepesywaffles.com.co/quienes-somos/historia-y-filosofia>

financial (environmental and social) and time. Value can then be assessed in terms of destruction, missed or created for any internal or external stakeholder (Bocken et al., 2013).

Business Model concept appeared in business lexical in the 90's, with the era of the Internet, to explain how resources and activities are settled to generate value, how the value will be captured and shared with stakeholders (Verstraete and Jouison-Laffitte, 2011). We define Business Model as the representation of the core logic of an organization for generating, capturing and sharing value within a value network (Hlady-Rispal and Servantie, 2016).

Sustainable business models derive a competitive advantage from creating social and environmental value (Lüdeke-Freund et al., 2016). The economic value captured from its activities allows to finance activities and strategies towards social and environmental value creation.

**Method:** The research method followed an abductive approach: first, based on literature review, we constructed the theoretical framework through which we collected and analyzed information from the case. Then, with the support of six research assistants divided into three teams, Information was collected through primary and secondary data sources. An agenda of interviews with main internal and external stakeholders from the firm was held, each team focusing on one dimension of value creation (economic, social, environmental). The results were discussed and integrated within the framework.

**Results and Contributions:** Results are still in process. However, in the results section of the final paper, we analyze the role of leadership and the leader's profile and values as a trigger for sustainable value creation. We show that the purposeful value proposition gathers stakeholders with similar and shared values. We highlight that what the organization does is only a strategy for enhancing its purpose. We analyze how resources and activities are selected and organized in line with value proposition and its purpose to create social and environmental value. We finally emphasize value exchanges with internal and external stakeholders as a trigger for more value capture of all kind.

**Implications and value:** The paper deconstructs the way a purposeful organization creates value in a successful manner. We contribute to the call for case building towards sustainability. We give

sense to sustainable leaders in their quest for sustainability and, finally, we build knowledge from their experience.