

Alternative Business Models for Improved Circularity

WP2.2. Summary

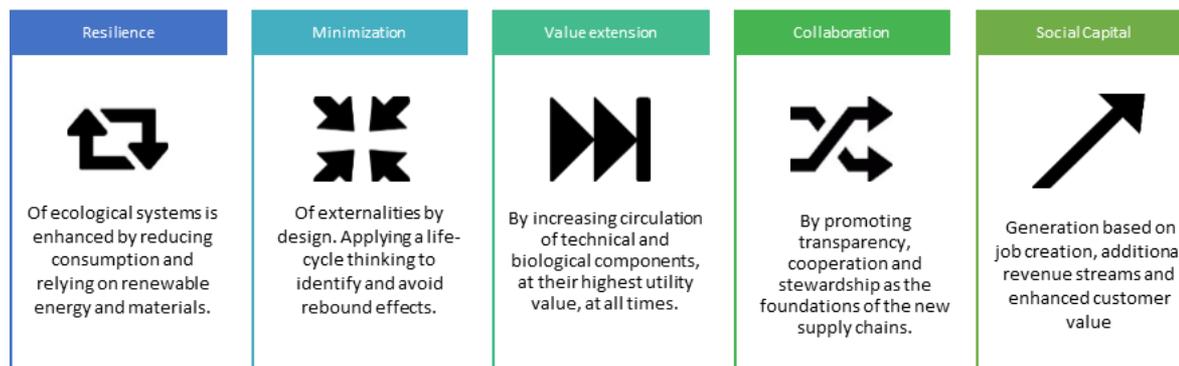
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Circular Economy

The premise

- *Linear economy*, we take natural resources, make low quality products, and after a brief period time, discard them as *waste*. This inefficient model depletes natural resources, requires large quantities of energy and creates waste.
- *Circular Economy*, products are not discarded as waste after being used, on the contrary, through a series of strategies, products preserve as much value as possible for as long as possible. Increase GDP and employment.



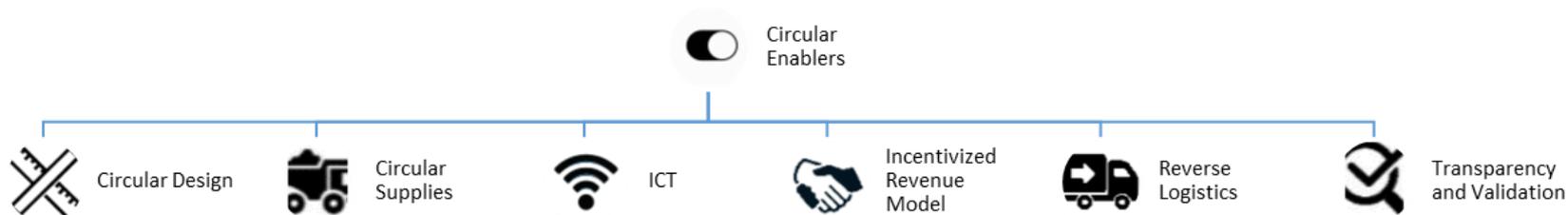
Circular Economy applied in enterprises

Circular Strategies

- The CE principles represent a vision at a societal level. At the organizational level literature points out to circular strategies or circular business models
- Circular Strategies: deliberate actions that companies conduct in order to realize the CE Principles. Close, slow or narrow the material resource loops of a product which increases circulation, recovery and value preservation.
- Plenty of examples and classifications of CS. Common point: external (market conditions, regulations) and internal (company capabilities) factors determine which CS is the most fitting. Critical aspect to consider: Influence on life-cycle

CE applied at enterprises

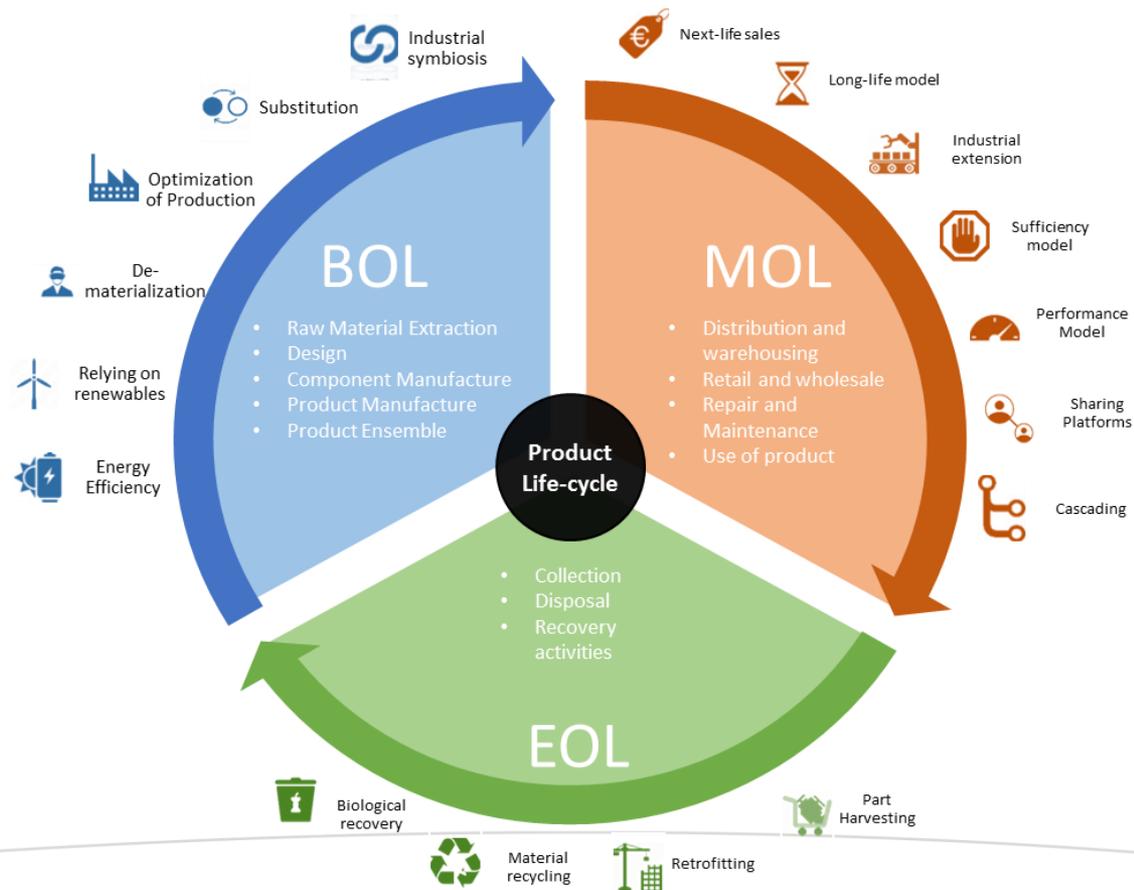
Circularity Enablers



- Pre-requisites, facilitators, critical aspects in the application of circularity from organizations. Usually present at different circular business models.

CE applied at enterprises

CE Practices (by stage of life-cycle)



Circular Business Models

The key to circularity

- A Business Model represents how a firm offers, creates, delivers and captures value [31]. Circular Business Models (CBM) have “circularity” embedded in their value proposition.
- In other words, Circular Strategies do not guarantee circularity, they require the right business model
- CBM is a complex process, since it requires coordination and collaboration in every stage of the supply chain.
- Three flows between supply chain actors occur: Materials, Information and Money. Understanding these different flows is crucial in understanding the potential for individual firms to participate in a supply chain [33] and therefore to achieve circularity. For example:

Material: embedded circularity in products (recycled material, recyclable materials, design for disassembly, etc.)

Information: How to use/maintain products? what is the state of the product at the “end-of-life”?

Money: traditional purchasing interactions (single purchase with change of ownership of the product) might be replaced with innovative models such as leasing, long/short term renting, offering products as a service, 3rd party collaboration

What is next?

- Use this “framework” to identify, organize and present the findings of the 50 best practices and 10 in-depth cases.
- “adopt” framework and reflect in other WPs

Some questions to reflect upon:

- Is the framework useful/practical?
- Is there something missing? Does something need to be taken out?
- Does it add value? (clarity, identity) or should we adopt other “known” frameworks



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