



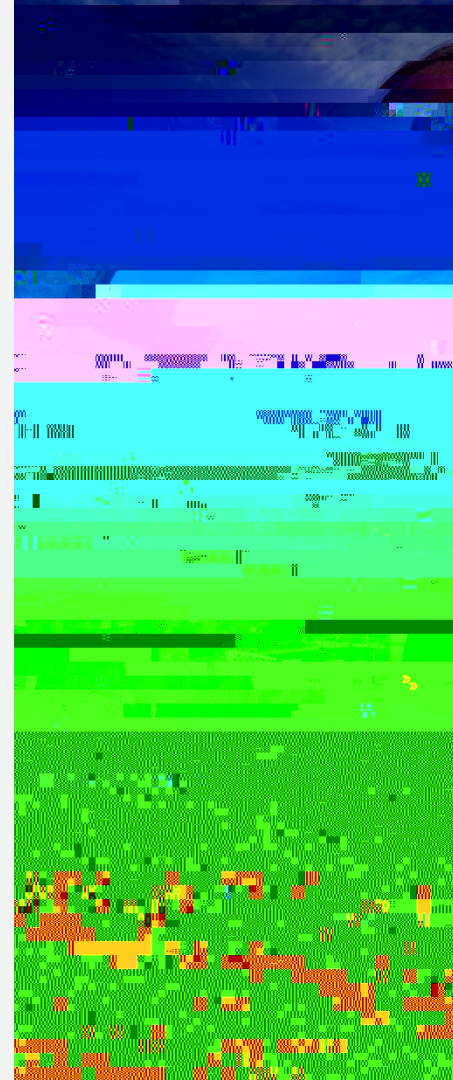
New
product



Foreword

Whatever sector or profession you are in, there are risks to manage and opportunities to grab in the circular economy, and the case for action gets stronger every day.

Resource risks are growing making security of supply for critical resources ever more difficult as increased demand and competition from powerful emerging economies such as China and India build. As a result, resource costs and volatility in markets are rising, as countries try to protect their interests. This situation is compounded by huge inefficiencies



Background

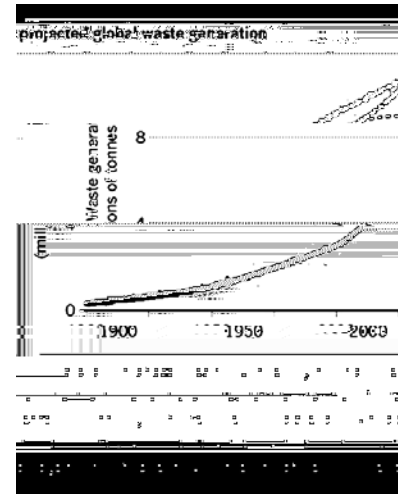
Why

For most of the twentieth century the vast majority of global resource consumption was situated within the few relatively advanced economies of North America and Europe. However, as economies in the rest of the world have begun to catch up and demand for resource intensive products and services has at the same time grown there is increasing pressure on, and competition for, the raw materials and commodities we need to support our modern lifestyles. (Source: Lee et al (2012) p.5)¹.

According to the World Bank, global waste production has doubled since the turn of the millennium and is predicted to double again by 2030².

Scale of the problem

Elsewhere, newspapers warn that competition from disruptive business models is playing havoc with traditional ways of doing business and governments are introducing legislation to force businesses to better account for the resources that they are using. Clearly business as usual is neither economically nor environmentally sustainable. Leading companies are therefore looking at how they



Background

What

Enter the Circular Economy. The Ellen MacArthur Foundation describes this as 'an economy that's restorative and regenerative by design'. Within a circular economy practitioners work tirelessly to keep products, components and materials at their highest utility and value at all times. The ultimate aim is to eliminate the concept of waste entirely.

Clearly, businesses are at very different stages with regards to the progress that they

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Any business that thinks it can succeed without adopting circular economy principles –



Click!

What business area would you like advice on?

3 actions

Evaluate products and markets and consider circular economy impacts on your business.

In developing strategy analyse options for changing your business model to take advantage of circular economy opportunities.

Recover the cost of your waste.

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2

Recover the cost of your waste.

Monitor your financial systems closely to track the true cost of waste to your business. This includes the value of assets you have invested in, replaced – but not recovered.

Case study

PwC



Old assets have value

PwC's 'Going Circular' programme has cut costs and carbon, created jobs and unleashed

The Challenge

Having achieved zero waste to landfill in 2012, PwC set a target to achieve 100% reuse and recovery, and to halve

its total CO₂e emissions from 2012 to 2025. PwC's 'Going Circular' programme has cut costs and carbon, created jobs and unleashed



R&D & innovation

New product ideas

3 actions

1 Consider alternative ways of offering customers your product.

Could you offer a service model, where customers buy the outcome of your product rather than the product itself? Could some of the product be reused with refillable or reusable components that contain fewer resources? This gives customers flexibility but can also be more expensive. Remember the days when companies bought their own photocopying machines.

2 Bring together people with ideas and an appetite for doing things differently.

Train dedicated 'innovation teams', responsible for finding new ways to deliver your product or service using fewer resources.

3 Apply 'circular economy' thinking across your business.

Think of each section as part of a circle, with resources used as lightly as possible from raw materials through to manufacturing, sales and reuse. Consider both commercial and environmental benefits.



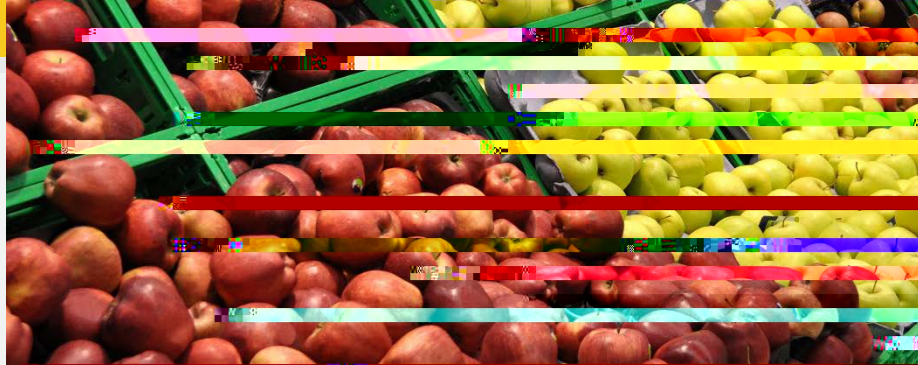


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Case study Asda



Bringing suppliers together to share learning and maximise opportunities

Over 90% of Asda's environmental impact lies within its supply chain. Asda has created a platform for its suppliers to share information about how to make their businesses more efficient and reduce their use of natural resources.

The solution

The Sustain and Save Exchange (SSE) is an online tool, supported by live events, which helps Asda's suppliers reduce their impact on the environment. It is a free source of information for suppliers and enables them to share best practice and identify ways of using resources more efficiently.

The SSE was piloted in January 2011. Since then, it has attracted 1,050 members – 72% of the businesses which supply Asda's fresh, chilled and frozen products. In 2014

members visited 17,000 times. Suppliers have saved over £4 million and invested £8.3 million in energy efficiency. 1,000 members have shared over £81 million of savings and investments they have made, by contributing to SSE.

The SSE has built trust and created a community of knowledge. Suppliers keep the savings they make. Asda funds the SSE. For every £1 of savings suppliers make over £4 of savings for Asda's supply chain for the future.

3

Case study

Jaguar Land Rover





Supply chain &

3 actions

1 Undertake a broad evaluation of your whole supply chain. Small changes can lead to massive savings financially and environmentally.

Do you need everything you buy? Are there alternatives which require fewer resources? Can you make reuse and recycling easier and less expensive? Look right down your supply chain. What are your biggest losses? Is your waste someone else's asset? Could that waste be reused through a small, cost-effective change?

2 Think of waste as an opportunity. New markets, new products, new relationships, new life cycles.

Does the waste associated with your products have commercial value? Is waste your bottom line? What is the real cost of waste right down your supply chain? Work with suppliers to identify the biggest waste reduction opportunities. Offer incentives, such as long-term contracts, to suppliers who can help you find viable, cost effective solutions.

3 Investigate options within your supply chain to reduce waste from packaging, damaged products and other assets through reverse logistics.

Explore opportunities to put back in to your supply chain and get more value from your materials. Consider new markets for packaging, used products and other reusable materials.



3 actions

Develop a baseline of waste across your business

How much is there? Are there crucial materials in

Develop a baseline of waste across your business.







Sales & marketing

Engage customer

3 actions

1

What do your customers really want?

Identify different ways of meeting their needs through services, remanufacturing, or repair. Help them resolve issues with products at the end of their life. Explore ways for you to test your ideas.

2

Circular models mean ongoing relationships with customers.

Review post sale interaction with customers for potential services or cross sell opportunities. Offer bundled packages. Assess benefits compared with the cost of new customer acquisition.

3

Consider options to align sustainability with the customer service.

Are there sustainable customer service models you could use for particular products? Could these give your customers added value? Could they add an additional advantage to your brand?

1

What do your customers really want?

Identify different ways of meeting their needs through services, remanufacturing and helping them resolve issues with products at the end of their life. Explore ways for your marketing team to test your ideas.

Case study
Globechain

Find a good cause for your waste

By working with its clients to find new homes for their unwanted stock, Globechain is able to generate social as well as economic benefits.

Many companies have assets - such as furniture, fittings

2

Circular models mean ongoing relationships with customers.

Review post sale interaction with customers for potential services or cross selling of products or bundled packages. Assess benefits compared with the cost of new customer recruitment.



3 actions

Work with your supply chain to develop a clear take-back strategy.

Could your customer service team help customers with waste disposal and getting old products put back? If you don't have the capacity within your supply chain, could you explore possibilities with another section of the business or explore possibilities with an external partner?



2

Develop clear communications to support customers in recycling products and creating new life cycles for essential resources.

Make it as easy as possible for your customers to understand options and opportunities to take back your products once they're finished with them.

Case study Argos



Old gadgets, new life

Argos capitalised on a massive, hidden opportunity for the electronics sector

Building a case

WRAP's 'Switched On to Value' report identified that there were millions of unused electronics in British households. These devices, which contain finite resources the business needs, are worth an estimated £1 billion.

Argos wanted to create a new trade-in service for customers to recycle unwanted electronic devices.

"Millions of devices, mobile phones and tablets are sitting in people's homes languishing and depreciating, most of which end their life in a landfill."

Nadeem, HRG/Argos

The challenge

- Development of an online tool for customers to value their used devices
- Finding the right partner to research demand for a trade-in service
- Set up and prove the value of a reverse-logistics operation

- Mobilise people with the skills and equipment to transport, dismantle and recycle electronic products.

Testing the potential

Argos began testing their convenience in a small number of busy high street locations where customers could receive a gift voucher for their unwanted device.

The future

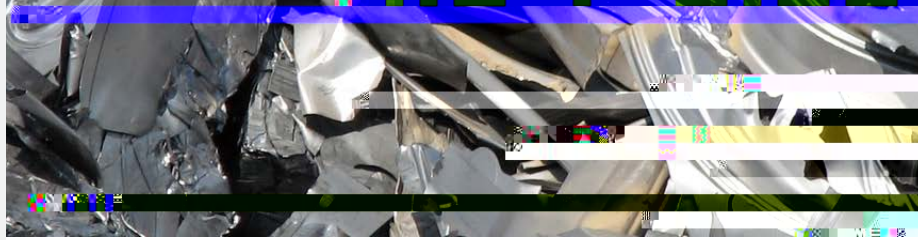
Argos has now launched its hugely popular trade-in service in 788 UK stores.

"We have found an opportunity to create a new revenue stream and improve our environmental credentials, while increasing customer loyalty, footfall and brand value for HRG/Argos

"We have something that works; commercial potential and the ability to enhance our brand."

Develop a product tracking system to understand where your products are and who is using them.

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What next?

We hope that you have found this guide useful and have found some ideas for your own journey to realise the opportunities within the circular economy.

This is the first step in Business in the Community's programme to help bring the circular economy as part of our campaign to promote smart growth by helping businesses to increase their value and wider economic contributions in ways that lead to better resource use, nurture healthy ecosystems and tackle climate change.

Over the next few months we will be co-creating a vision of what success will look like over the next ten years and building our first three year collaborative action plan to work with our members and wider networks to achieve that vision.

For details of how to get involved in working with us to deliver a new business as usual please get in touch. We very much look forward to working with you.

Get started today

- Identify one of the actions to start with and think through how you can engage people across your business to develop new opportunities to create value in a circular way.
- Contact environment@bitc.org.uk to get involved with ideas sharing and collaborative problem solving across our network.
- Visit www.bitc.org.uk/environment to find out more about BITC's 'Smart Growth' campaign and how you can get involved.

Keep in touch

Email: environment@bitc.org

Phone:

