

The Business Case for Circularity

Determining the next steps towards amplifying your sustainability initiatives for your organization



STEP 1: ASSESS CURRENT STATE

What do you need to know **right now** in order to take steps towards accelerating your sustainability goals?

STEP 2: DEFINE FUTURE STATE

What are your **organization's goals** in each area? Are they **realistic given the time** horizon?

STEP 3: DETERMINE IMMEDIATE NEXT STEPS

What **questions need to be answered** and what **decisions need to be made first** in order to make progress towards the defined goals?

Circularity

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1. Design for Recyclability
2. Product Life Extension
3. Take Back Management
4. Sustainable Products

Step 1: Assess the current state

1. **Strategic Alignment:** Does our circularity initiative align with our overall strategic objectives and brand identity?
2. **Circularity Impact:** What are the environmental, social, and economic impacts? How do we compare with industry benchmarks?
3. **Financial and Business Evaluation:** What are the financial implications? Does the initiative contribute to our competitive advantage and stakeholder relationships?
4. **Implementation and Scalability:** Is our organization ready to implement and scale the initiative? What resources and changes are needed?
5. **Future Readiness:** How does the initiative prepare us for future changes and contribute to long-term sustainability?

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Step 2: Define the Future State

1. How can we integrate recyclability into our product design process from the earliest stages?
 - Understand the requirements of a shift in design thinking and possibly new skills or tools. Consider the training and resource implications and the potential need for organizational change.
2. How can we redesign our products to make them more easily recyclable?
 - Evaluate the recyclability of materials currently used in the product and consider the cost implications and the potential market response to the change in design.
3. What materials can we use that are widely accepted by recycling facilities?
 - Consider the availability, cost, and impact of such materials on the product's quality and performance.

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Step 2: Define the Future State

1. How can we design our products for a longer lifespan?
 - Balance the costs associated with extending product life against the potential increase in customer satisfaction or loyalty.
2. How can we adjust our production processes to create products that last longer?
 - Look at cost, production timelines, and supplier relationships and consider needs to source different materials or components, which could affect your supply chain.
3. Can you offer repair, maintenance, or upgrade services to extend product life?
 - Consider the impact on the manufacturing process and supply chain, as well as the potential to create new revenue streams.

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Step 2: Define the Future State

1. Can we implement a take-back program for our products?
 - Evaluate the logistics and costs associated with product return and disposal, as well as the potential benefits of improving customer loyalty and brand image.
2. How can we make it easy and beneficial for customers to return products at the end of their life?
 - Think about the incentives for customers to participate and the infrastructure needed to support the program.
3. How can we leverage partnerships to enhance our take-back program?
 - Consider how potential partners can maximize the benefit of these programs.

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Step 2: Define the Future State

1. How can we reduce the environmental impact of our products during their lifecycle?
 - Assess the environmental footprint of your products and identify areas for improvement, considering both cost and potential for innovation.
2. How can we embed sustainability into our company culture, so it influences all decisions about product design, sourcing, and manufacturing?
 - Consider the need for employee training, changes in performance metrics, and the role of leadership in driving this shift. Balance the costs of these changes against the long-term benefits in terms of reduced environmental impact and potential regulatory compliance.
3. How can we ensure our products align with evolving global regulatory requirements for sustainability, understand the implications of non-compliance, leverage potential opportunities, and engage with regulatory bodies for future sustainability goals?
 - Establish processes for ongoing regulatory monitoring, product assessment, and adjustments, while identifying potential opportunities arising from regulatory changes, and proactively engaging with regulatory bodies to contribute to shaping future sustainability regulations.

Circularity at a Major Consumer Packaged Goods Company

Building the Business Case for Circularity: A Major Consumer Packaged Goods Company's Approach

The company's business case for circularity, or the process of minimizing waste and maximizing resource efficiency, is driven by cost savings, waste reduction, and improved operational efficiency. By rethinking their processes and identifying opportunities for reuse and recycling, they have developed a more sustainable and cost-effective operational model.

Assess the Current State	
1.	Strategic Alignment: The company's circularity strategy is aligned with their business goal of cost savings, waste reduction, and improved operational efficiency.
2.	Circularity Impact: The company's circularity initiatives, including the reuse of drums, bulk sourcing, repurposing excess ingredients, and reuse of discarded materials, have led to significant reductions in waste and more efficient use of resources.
3.	Financial and Business Evaluation: The circularity initiatives have resulted in cost savings and improved operational efficiency, making it a financially sound strategy. The reuse of drums, for example, has not only reduced waste but also provided a hedge against volatile steel prices.
4.	Implementation and Scalability: The company has successfully implemented circularity initiatives across multiple facilities, suggesting the potential for scalability across other areas of their operations.

Define the Future State	
<p>Design for Recyclability</p> <p>The company's strategy of reusing drums for shipping finished products and sourcing raw materials in bulk suggests a focus on designing processes for recyclability.</p>	<p>Product Life Extension</p> <p>The reuse of drums and repurposing of excess ingredients extend the life of these materials beyond their initial use, aligning with the concept of product life extension.</p>
<p>Take Back Management</p> <p>While not explicitly referenced in this case study, the company's practice of repurposing excess ingredients and reusing discarded materials indicates a form of take-back management, where waste materials are re-integrated into the production cycle.</p>	<p>Green Products</p> <p>By reducing waste and optimizing resource efficiency, the Company is moving towards the creation of greener products. One of the company's facility composts toothpaste waste, and one of their plants sends boiler ash to a brick maker, who uses the resulting bricks for construction projects at the plant.</p>

By implementing these steps, organizations can reduce waste, lower costs, and improve operational efficiency, making circularity a strategic business decision

Overview: Building Your Business Case for Circularity

Considerations for Your Business Case:

- Understanding the current situation
- Business case development

Today's Focus

- Cost and Investment Analysis
- ROI and Payback Period Estimation
- Risk Analysis
- Stakeholder Engagement
- Implementation Plan
- Monitoring and Evaluation
- Communication Plan

Future State Planning

- Reflection & Next Steps

Outcome