

# Module 3: Business Value in a Circular Economy

Drivers Towards the Circular Economy

Closing the Loop

Creating Value in a Circular Economy

Five Key Circular Business Models

Examples

What are some of the external factors driving businesses to move from a linear economy to a circular economy?



# The main drivers towards the Circular Economy

## External factors



1. Policy environment changes
2. Investor demands
3. The need for greater business and supply chain
4. Resilience
5. Changing consumer preferences
6. The impact of COVID-19

What are some of the internal factors driving businesses to move from a linear economy to a circular economy?



# The main drivers towards the Circular Economy

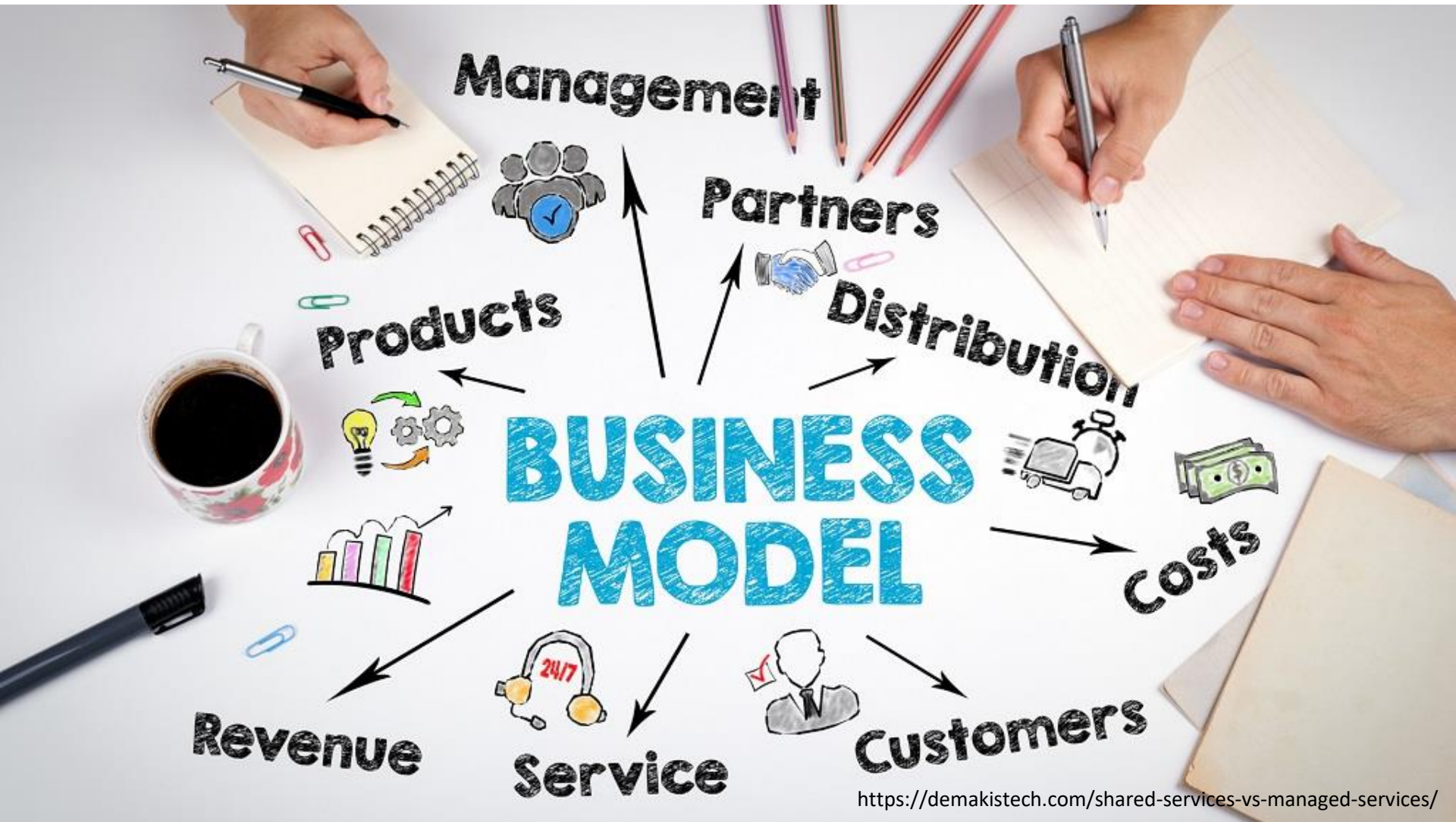
## Internal Factors

- Enter new markets or increase market share
- Reduce costs
- Reduce risk and future-proof the business
- Trigger innovation capacity
- Attract and retain talent
- Deliver greater customer value
- Align with public expectations



# The main purpose of the business...







# Main elements of a Business Model

1. Product/value offered
2. The revenue model
3. The opportunity to secure the market
4. Competitive environment
5. Competitive advantage
6. Market Strategy
7. Organizational Development
8. Management Team



# Closing the Loop

There are three main business processes to close the loop:

**Acquisition** (Collecting the right volumes of used products and materials, of the right quality and at a reasonable price.)

*Example: the recycling of concrete is technically feasible and cost efficient. The challenge is acquisition: concrete recyclers do not have direct access to used concrete and it's therefore hard to get the right volume and the right quality.*

**Reprocessing** (Used products and materials need to be reworked into products and materials of sufficient quality for a reasonable price.)

*Example: It is more profitable to refill ink cartridges than to recycle its materials.*

**Remarketing.**(That is, identifying markets that want to buy the reprocessed products.)

*Example: Cell phones, for instance, are technically very easy to refurbish: you just replace the battery, the casing and you wipe the data. Remarketing them is also not a problem: almost the majority of the population cannot afford to buy a new mobile phone.*

If any of the three key business processes fails, we **do not** have a closed loop.

# Creating Value in a Circular Economy

<b>Direct financial gains</b>	<b>Sourcing value</b>	All types of direct cost reduction and savings that can arise from closed loop business practices
<b>Indirect gains</b>	<b>Environmental value</b>	Benefits that result from improved ecological footprint, ease of compliance and improved green image
	<b>Customer value</b>	Increased customer loyalty, better customer satisfaction and superior brand protection
	<b>Informational Value</b>	Closing the loop generates valuable data on production and supply problems, failure rates, useful lifetime and of the product and usage patterns.

# Five Key Circular Business Models

1. Circular inputs
2. Sharing economy concept
3. Product as a service
4. Product use extension
5. Resource recovery

# 1. Circular inputs – Genan Tyre Recycling



[The Genan Concept 2019 - YouTube](#)

## 2. Sharing economy concept

Born-circulars maximize how idle assets are used across a community while providing customers with affordable and convenient access to products and services. This also includes sharing industrial assets like a conveyor belt, forklift, machinery and warehouses.

Access to an asset no longer requires buying or renting from traditional suppliers but is instead provided by individual people and companies. Born-circulars, therefore, have a higher utilization percentage of their expensive assets.

*Example: Airbnb*

## 3. Product as a service



### **Oil as a service - buy once, use forever**

SKF RecondOil is changing the business model for industrial oils. Fee- or performance-based contracts are designed to reduce the total oil related costs - as well as the environmental footprint of businesses.

It's called "Oil as a service".

SKF application experience and oil formulation capabilities creates and delivers tailored packages of technology and oil that allows businesses to use the same oil again and again.

[https://www.youtube.com/watch?time\\_continue=30&v=P8GRa gePOjl&feature=emb\\_logo](https://www.youtube.com/watch?time_continue=30&v=P8GRa gePOjl&feature=emb_logo)



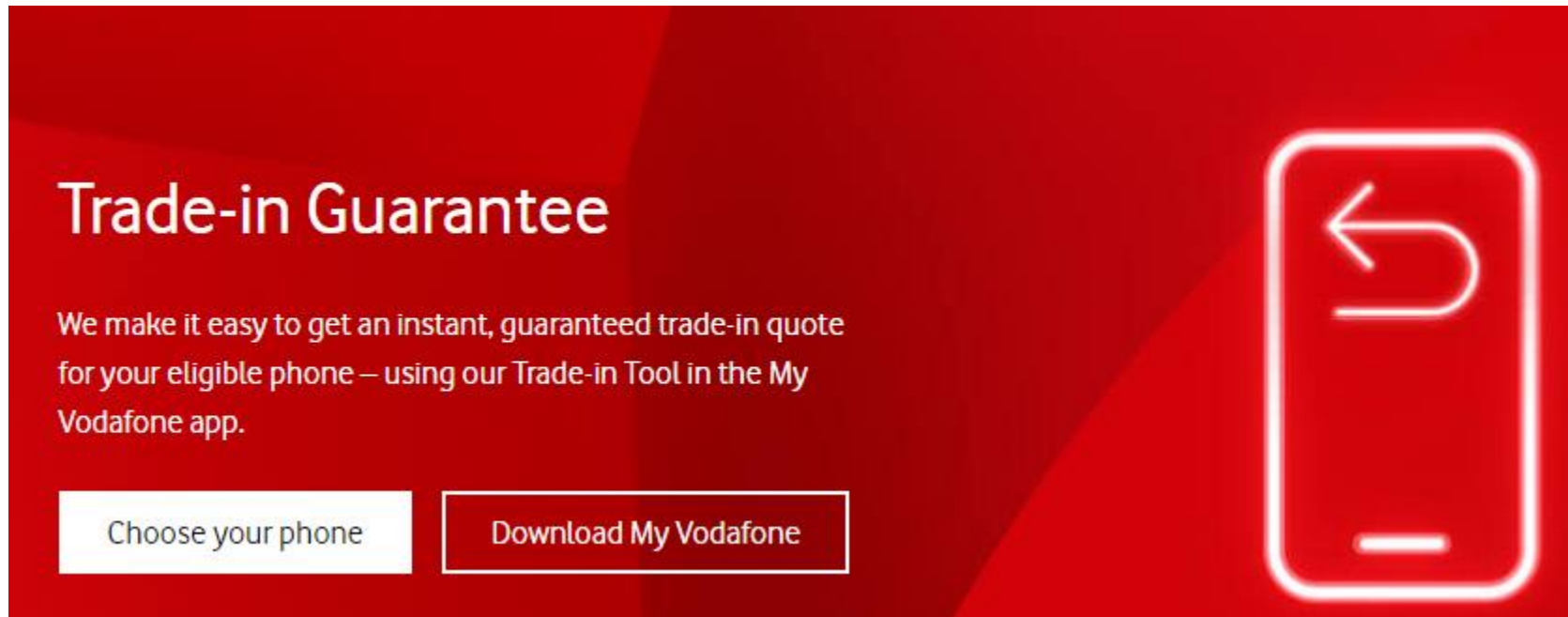
## 4. Product use extension - IKEA



[Why the future of furniture is circular \(ikea.com\)](https://www.ikea.com)




## 5. Resource recovery - Vodafone



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# Marine Cleaning

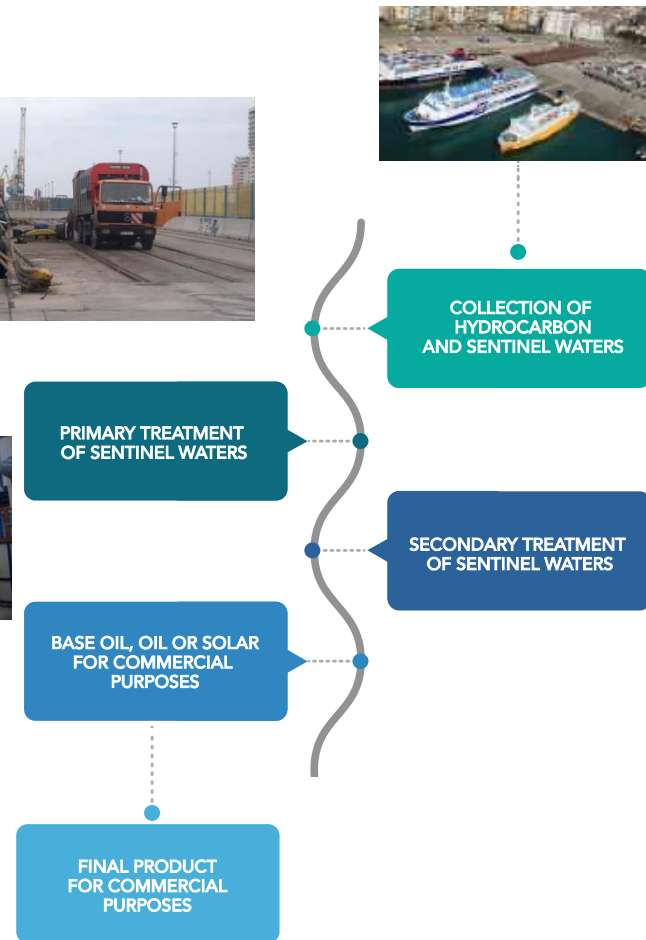
Area 4,760 m<sup>2</sup>, Porto-Romano Durrës

Hydrocarbon waste generated by vessels is treated by a modern plant that operates in accordance with international standards,

Dirty water is collected by autobot and transported to the plant for treatment,

So: The untreated discharge of hydrocarbon waste into the sea is completely avoided.

Raw material is produced for the production of energy for heating in agricultural greenhouses in Lushnje and Fier.



# Aiba Company sh.a

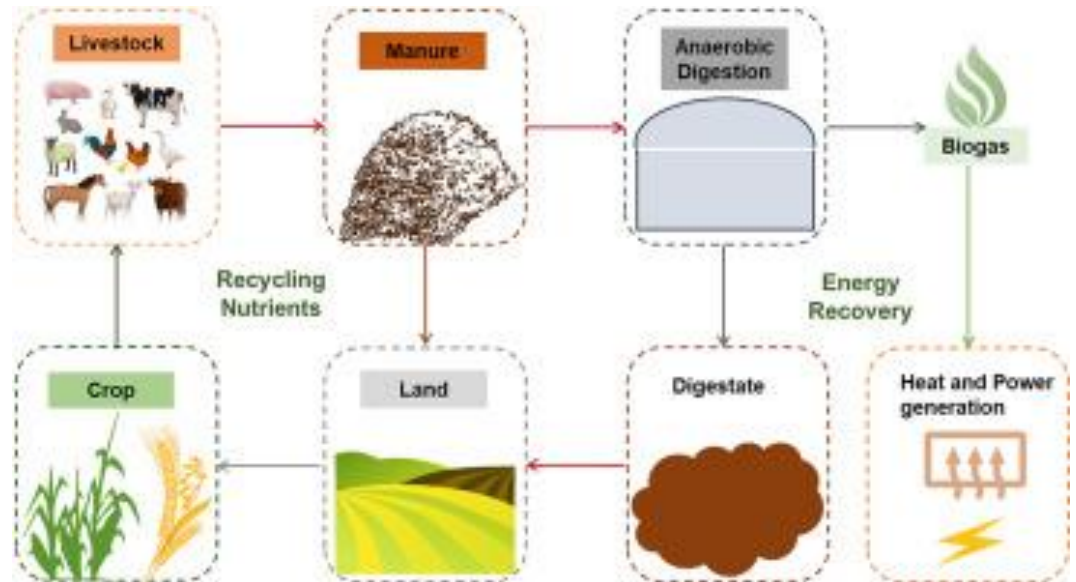


**Produces:** 100 million eggs in year.

**Waste:** 40 tons in day with 80% moisture.

**Generates:** 20 tons of organic fertilizer in day that is packaged and sold in Lushnje and Divjak.

Additional potential:



# Korça Municipality: Voltaic Panels for WWTP, 1MW



18 -19 July, 2022

*Wastewater Management in the Context of Circular Economy*



# Solar energy

- There are 11 licensed plants that use solar energy and whose energy is purchased at 71.2 euros/MWh
- Built: The first floating solar power plant in Albania: 1,536 solar panels, installed capacity 0.5 MW, surface 4,000 m<sup>2</sup>.
- 2022: AGNA sh.a applies for the construction of a 49.8 MW photovoltaic plant in Libofshë



# References

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- WEC (2022), *5 circular economy business models that offer a competitive advantage*, <https://www.weforum.org/agenda/2022/01/5-circular-economy-business-models-competitive-advantage/>
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