

# WHAT ARE CIRCULAR BUSINESS MODELS, AND HOW CAN YOU USE THEM TO YOUR ADVANTAGE?

**'The circular economy is a new way of designing, making, and creating value that benefits business, society, and the environment.'**

**- Ellen MacArthur Foundation**

## The circular economy is based on three principles:



### DESIGN OUT WASTE AND POLLUTION

Economic activity can cause damage to human health and natural systems, including the release of hazardous substances like greenhouse gases and air and land pollution.

But what if waste and pollution weren't created in the first place?



### KEEPING PRODUCTS AND MATERIALS IN USE

It is vital for businesses to design their products for durability, reuse, remanufacturing and recycling.

This will keep products 'in play' for much longer.



### REGENERATING NATURAL SYSTEMS

Businesses should try to avoid the use of non-renewable resources and preserves.

Why not think about using renewable energy, instead of fossil fuels?

## WHAT ARE THE ECONOMIC BENEFITS?



### ECONOMIC GROWTH

The circular economy increases resource and energy efficiency and creates added value when materials are used several times, instead of only once. Lower cost of production also contributes to economic growth.

## MATERIAL COST SAVINGS

It is estimated that the annual material cost savings opportunity for medium-lived products (such as washing machines and mobile phones) in the EU will amount to over £450 billion, with fast-moving consumer goods (such as cleaning products) totalling over £500 billion.



## JOB CREATION POTENTIAL



Increased spending due to lower prices, labour-intensive recycling activities, and higher skilled jobs in manufacturing will contribute to job creation potential. New jobs could be created across industrial sectors, within SMEs and through increased innovation and entrepreneurship.

## INNOVATION

A more innovative economy can bring many benefits, including improved materials, higher rates of technological development, energy efficiency, labour and more profit opportunities for businesses.



## WHAT CAN I CHANGE WITHIN MY BUSINESS?



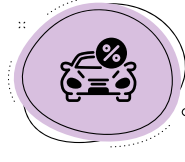
What if your customer loved your product so much that they didn't want to part with it - even when it's damaged?

Businesses can offer their own repair service, keeping hold of loyal customers.



We're used to throwing away and replacing damaged goods. Instead of continuing with this process, businesses can adopt a 'return and renew' approach, where products can be taken apart and regenerated.

Incentives could be offered if a customer returns an item they no longer want.



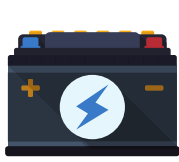
Businesses can either lease items from other companies, or lease their own products out to customers.

Leasing extends the product's lifetime, with an opportunity to re-lease the same product again.



Products and materials can be used and repurposed multiple times and redistributed to new users.

Platforms such as Facebook Marketplace and eBay are ideal for selling or giving away products that the consumer has finished with.



'Cascades' is a process of putting used materials into different uses.

An example of this is a car battery that loses power over time. It could be repurposed into a laptop battery, and then turned into a phone battery, and so on.



Food-based businesses could source food grown regeneratively and locally.

Food businesses can think about their food waste and also make the most of designing and marketing healthier food products. Businesses can play their part in designing out waste.

## 'WHAT IF THE GOODS OF TODAY BECAME THE RESOURCES OF TOMORROW?'

**- Ellen MacArthur Foundation**

## EXAMPLES

Usually, there is no easy way to get products back to the business from the customer. Below are two examples of companies who have successfully implemented circular business models into their workplace.



Furniture giant **IKEA** is well on its way to becoming 'fully circular' by 2030.

IKEA has launched a furniture buy-back and re-sale scheme, now live across UK stores, in an attempt to reduce the number of products going to landfill. Customers will get vouchers to spend in-store if items they no longer need are returned in good condition.

Used products returned in as-new condition with no scratches will be bought for 50% of the original price, while items with minor scratches will be bought for 40%. Furniture that is well used with several scratches will be bought for 30%. The items will be sold in separate areas of the stores, although Ikea has also announced a new partnership with Gumtree to sell second-hand products via the online marketplace.



**Mazuma Mobile** is an online mobile phone reuse and recycling service.

In 2011, Mazuma Mobile became the first company of its type to pay out £100 million to its customers.

'Of the 50,000 to 150,000 phones received every month, the large majority can be reused, provided part of them go through refurbishing - which is handled by an external partner. The handsets are then sold to approved partners in China and Africa, with whom they keep long-term relationships. These second-hand phones are also sold within the UK to phone retailers and to insurance companies.'

**- Ellen MacArthur Foundation**

## HOW DO I GET STARTED?

If you are interested in implementing a circular business model, there are some great resources available on the [Oxfordshire Greentech Circular Economy Special Interest Group page](#).

Oxfordshire Greentech is a business network supporting the growth of the low-carbon sector in Oxfordshire. As part of their commitments to help the districts become carbon neutral, South Oxfordshire and Vale of White Horse District Councils have struck up a partnership to help local businesses reduce their carbon footprint.

Businesses based in South and Vale are able to take advantage of 10 per cent off the basic member rate when they sign up. [Visit our website for full details.](#)

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