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Pioneering resource efficient business  
models for a circular economy

## Implementing supplier resource efficient business models

### Getting started – converting circular ideas into action

*By Greg Lucas, Technical Specialist – Business Model Development, WRAP*

As [REBus](#) enters an exciting phase where many of the 30 pilot projects are reaching completion, it's time to reflect on these journeys and share some of the learning. I have been involved in helping to deliver many UK based projects. In this first of two articles, I will be sharing insights to help other companies and organisations supplying products to get their creative resource efficient business model (REBMs) ideas off the ground.

The pilot projects have been working hard to develop circular approaches to business with the support of REBus, an EU Life+ funded project. WRAP (UK) and RWS (NL) are the delivery partners for REBus working across the UK and the Netherlands supporting these companies and organisations to implement REBMs. In the UK, we are focusing our support on companies supplying products and services and our Dutch partners are focusing on circular procurement REBMs.

Our clients are being interviewed once they have completed their projects and asked to reflect on their experience with the benefit of hindsight. The lessons learnt will be shared through published case studies on the [REBus website](#).

I'm looking at the early stages of [Innovation](#) and [Feasibility](#) for this article, emphasising the critical areas in the process.

***For most large businesses, innovation and feasibility have been the most challenging stages to develop.***

### **What are the top three tips for converting innovative thinking to well researched, feasible REBMs propositions?**

Before engaging with colleagues it is essential that you develop your expertise in the area of REBMs that have succeeded in your sector and wider sectors. Research what's going in [your sector and other sectors](#) and learn from their experiences. Look at the different types of business models and how they could work for your business and market.

You should also consider how REBMs can be better for your business than typical 'business as usual' business models.

Some reasons may be, for example:

- Driving footfall through a closer relationship with the consumer and delivering greater margins per product;
- Greater control of your product after its first sale - through to refurbishment and into second and third use, expanding your customer base along the product's journey; and
- Development of more durable products that last longer and decrease reliance on materials and the supply chain.

You should then identify the aims of the project and why you think it will be good for your business to start this journey. Look at it from your perspective e.g. a strong belief in the concept and the opportunities that it'll create for the business, and from your business' perspective e.g. strong link to the organisation's aims and values, collaboration and senior team's thinking.

### **Innovation stage: Turning ideas into reality**

Once you are confident in your understanding of REBMs and the potential benefit to the business, you will need to draw from the expertise of your colleagues to develop the proposition further and assess its suitability for your business.

*The best way to collaborate with colleagues is to organise an innovation workshop.*

Ensure you invite a good cross section of multi-skilled colleagues to your workshop from a range of teams e.g. finance, marketing, product managers, sponsor and others, if required.

It is essential that either you or an external facilitator coaches the participants into developing business model ideas. Make it clear in the agenda that this is an interactive workshop and the outcome required is a concrete proposal for the REBMs identified as being suitable for your business. The outcomes of this workshop will be developed into your business case further down the line.

To kick off the meeting, set the scene around REBMs and use case study examples to share your initial REBMs ideas and aims. Ask the team if anyone has performance indicators directly associated to each aim.

Check each business model idea generated against a range of criteria to identify the top two or three business models that you could develop further. One of the main lessons learnt is that we always ran out of space when running this exercise. No white board was ever large enough to capture the invaluable insight for each model. We always identified at least four business models in each workshop during the innovation stage.

Some of the criteria we would recommend using is:

- Products
- Aims
- Customer
- Issues
- Partners
- Offer
- Process
- Risks
- Finance

If some colleagues can't make the initial meeting then I recommend that you consult with them after the workshop to gain their input.

If you don't have a concrete proposition following the innovation stage you may lose momentum and confidence. You would then need to review the proposition again with relevant teams.

### **Feasibility – sense checking your ideas**

Your proposition is likely to have gaps either from a consumer, market or technical standpoint. The dilemma many companies of all sizes face is whether you undertake the research first and then develop a detailed business case or whether to focus on financial modelling and the business case first and then undertake research. There is, sadly, no generic answer for this.

*Make the decision, stick with it and keep the momentum going.*

For larger organisations, it has been worthwhile using the outline proposal from the innovation stage to pitch some budget to undertake research. Compelling consumer, market or product insight can be the most powerful tool to turn the business model idea into a reality.

### **Reasons for failure during the innovation and feasibility stages**

It is common for businesses to get stuck in a continuous circle in the innovation and feasibility stages, quickly using up valuable resource and decreasing momentum.

With one large business it took almost a year before we moved to business case development. The business eventually chose to stagger implementation of the business models they identified in the innovation stage. They took the first proposition to business case under REBus and then planned to start implementation of the other ideas eight months later. This allowed the business to develop in-house capability through the REBus initiative.

Another large business made a decision to go with the least risky of the business models first.

Set timescales for each area e.g. six weeks for innovation and four weeks for feasibility.

*Remember you are never going to get all of the answers from the feasibility stage. Running a pilot will provide you with the information you need.*

Smaller businesses tend to work through these stages relatively quickly, but often fail to include partners or customers into the thinking at an early enough stage. This means that they can develop a detailed business case, however, they are struggling to find the right partner for the pilot.

Every business and organisation we worked with experienced a major change during their time on the REBus project; from acquisitions, to restructures and new investment opportunities. People changed roles and left organisations.

REBMs are a transformational process with potential of a high failure rate. To minimise the risks, the University of Cambridge have developed a [number of tools](#) to maximise the chances of success for transformational business models.

The REBus project has highlighted the need to allocate sufficient resources which will allow you to follow the full [REBMs process for implementation](#). This will also help to minimise the risks.

*Visit the [REBus website](#) for further information to help you learn more about resource efficient business models.*

