



3. INNOVATE

3.2 Create New Circular bussines Model Options

3.2.1 Circular Economy Business Model Patterns



DESCRIPTION

A 'business model pattern' (or archetype) describes a distinct set of business model dynamics. In order to generate circular material pathways, seven circular economy business model patterns have been identified. These are defined based on a set of distinctive business model dynamics and where they lie along a product's lifecycle. The patterns are described in Figure 2 below. Two of these – the 'Access' and 'Performance' patterns – are not necessarily circular per se, but significantly enhance the circularity impact and value when combined with other patterns.

STEPS

1. Each of the 7 Circular Patterns have been built out as individual canvases – 'circularising' the Business Model Canvas framework to include relevant prompting statements in each of the 9 elements of the canvas. These act as examples of what a Business Model could look like for each of the 7 Circular Patterns.

OUTPUT

Clear and common understanding of the current state business model. This will give a clear view of the resources available when considering Value Network and your Current Context.



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It is important that the canvas is completed, one section at a time, in the following order.

Clear and common understanding of the current state business model. This will give a clear view of the resources available when considering Value Network and your Current Context.

CO-PRODUCT RECOVERY

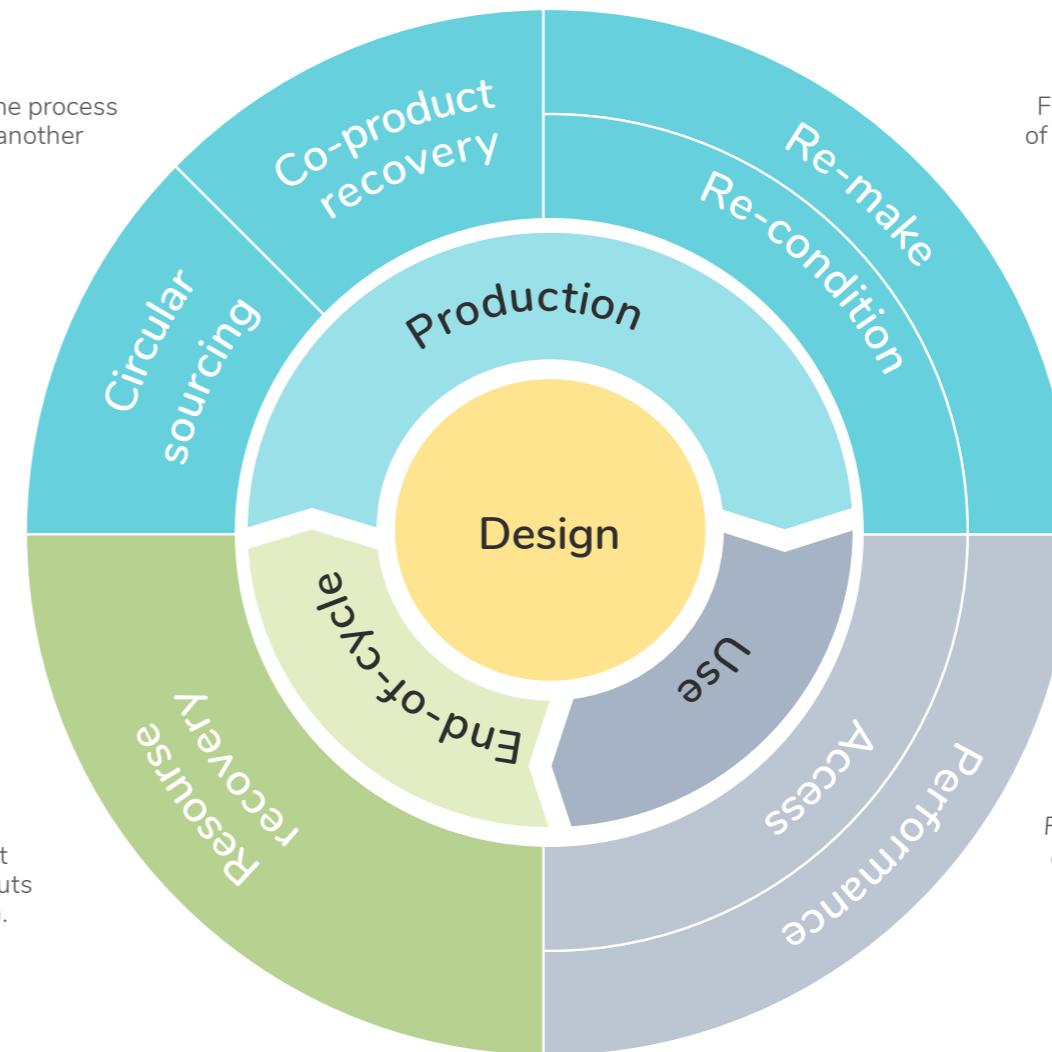
Residual/Secondary outputs from one process (or value chain) become inputs for another process (or value chain).

CIRCULAR SOURCING

Sourcing recycled or renewable materials that can be returned to either the technical or biological cycle.

RESOURCE RECOVERY

Materials or product at end-of-cycle are incorporated into different products, or used as feedstock/inputs for another process (or value chain).



RE-CONDITION

Fixing of a fault/aesthetic improvement of a product, but with no new/additional warranty on the products as a whole. Includes repair and refurbishment.

RE-MAKE

Manufacturing steps acting on an end-of-cycle part or product in order to return it to like-new or better performance, with warranty to much.

ACCESS

Providing end-users with access to the functionality of products/assets instead of ownership.

PERFORMANCE

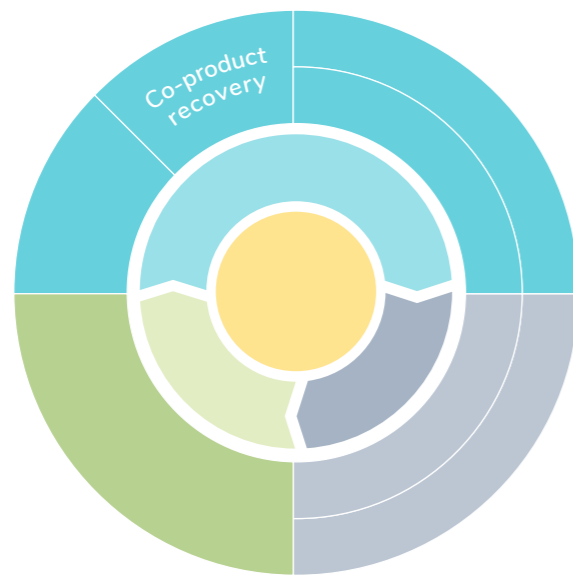
Focus on guarented perfomance cover or outcome based on the functionality of a product/asset. Typically provided as a product-service bundle.



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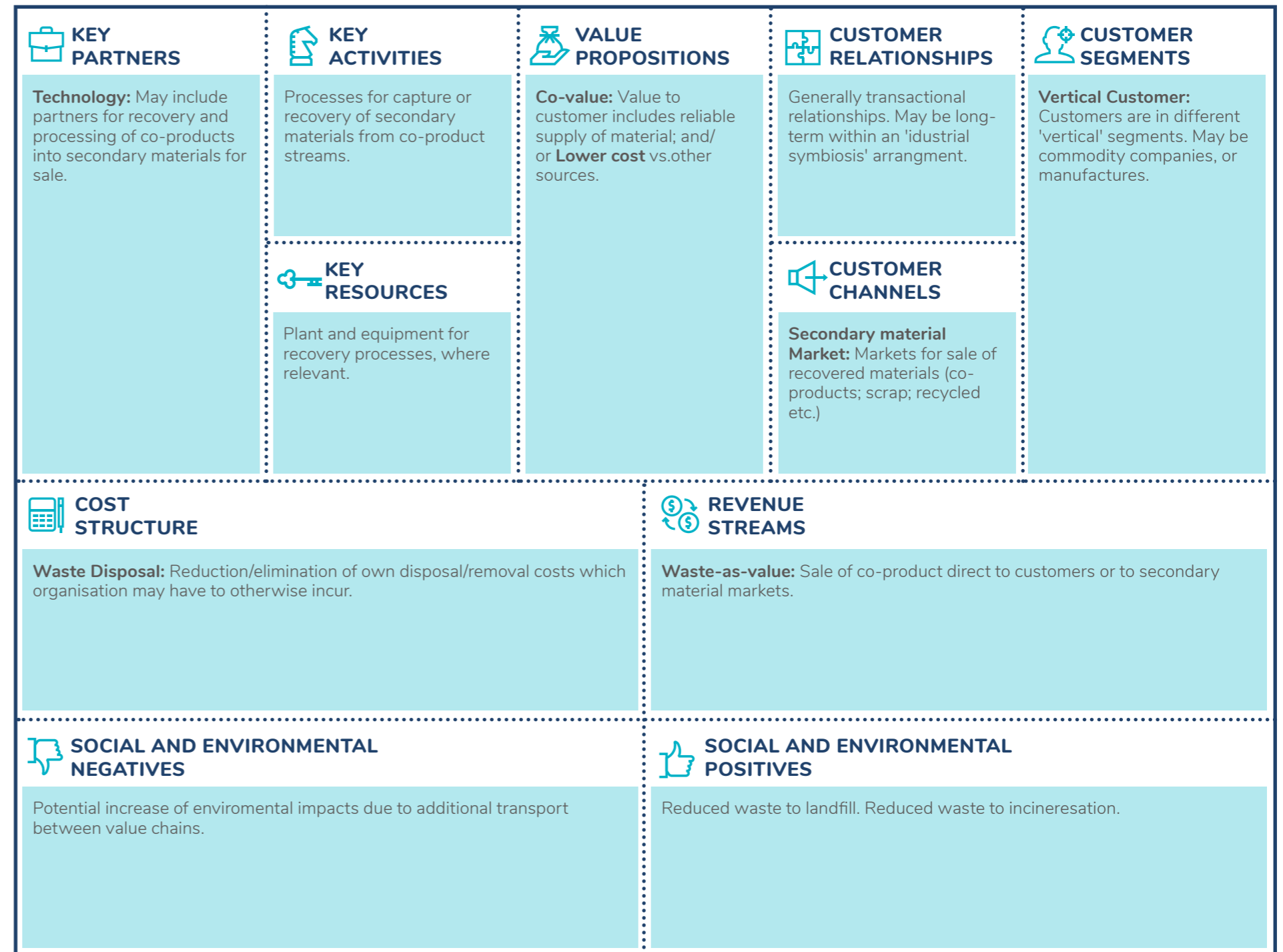
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Co-product Recovery

Residual/secondary outputs from one process (or value chain) become inputs for another process (or value chain).

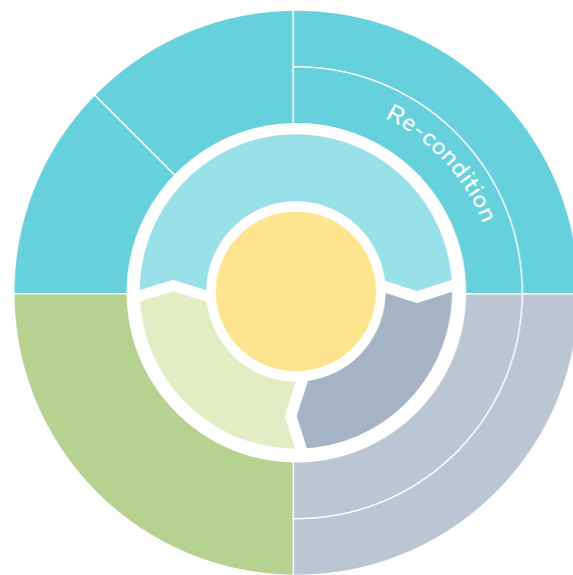




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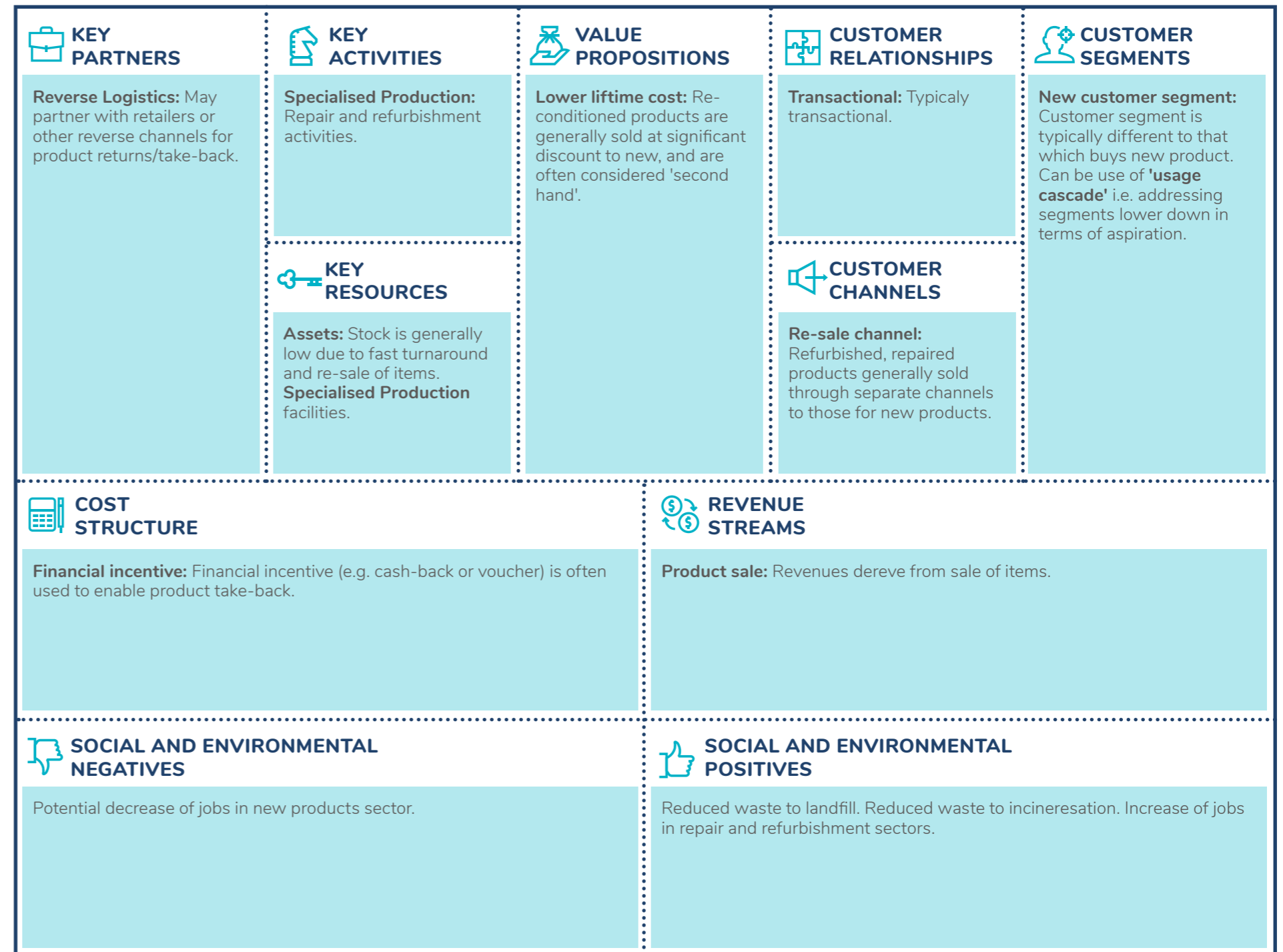
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Re-condition

Fixing of a fault/aesthetic improvement of a product as a whole. Includes repair and refurbishment.

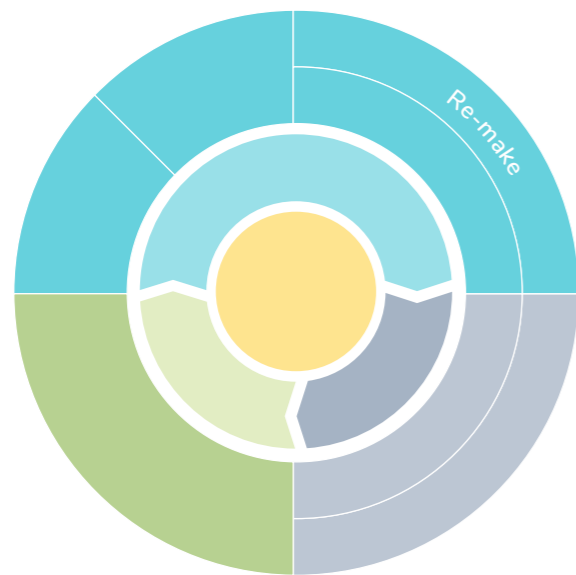




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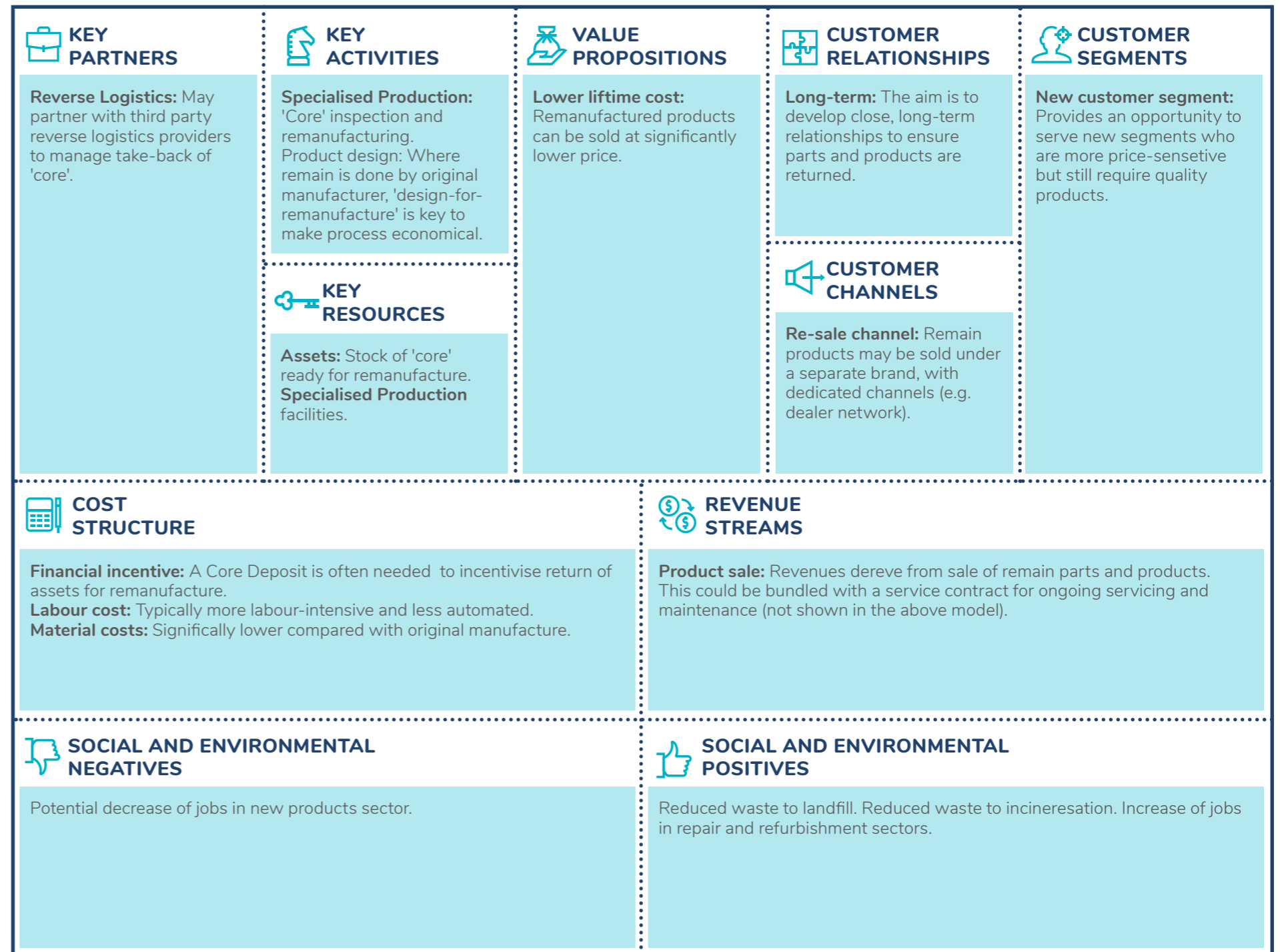
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Re-Make (Re-Manufacture)

Manufacturing steps acting on an end-of-cycle part or product in order to return it to like-new or better performance, with warranty to match.

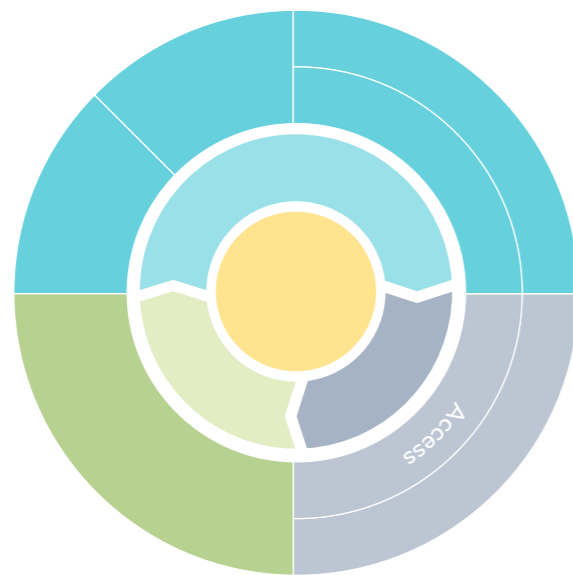




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Access

Providing end-users with access to the functionality of products/ assets, instead of ownership.

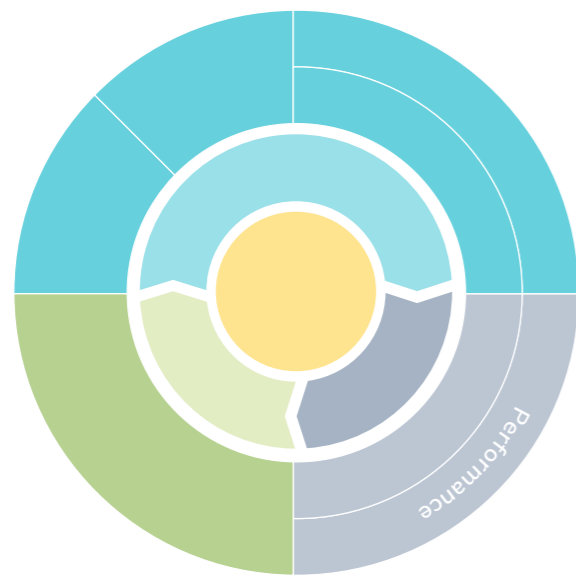
<p>KEY PARTNERS</p> <p>Technology: Asset tracking and management may be provided by third parties.</p>	<p>KEY ACTIVITIES</p> <p>Service Provision: Customer service, asset management etc. Reversive Logistics: For return of products at end of use cycle.</p>	<p>VALUE PROPOSITIONS</p> <p>Access: Convenience of on-demand availability; flexibility; and greater range of choice. Models include: Pay-as-you-go; rental; leasing. Lower cost: Turns 'fixed' into 'variable' cost.</p>	<p>CUSTOMER RELATIONSHIPS</p> <p>Long-term: Generally longer-term relationships, directly with end-user (e.g. eliminating intermediaries).</p>	<p>CUSTOMER SEGMENTS</p> <p>New customer segment: Potentially unlocks new customer segments by providing new value proposition.</p>
<p>KEY RESOURCES</p> <p>Asset management Platform: End-user interface for booking and payment; and back-end for asset management. Assets: Stock of assets to deploy</p>		<p>CUSTOMER CHANNELS</p> <p>Asset management Platform: End-users reached via technology platform (e.g. mobile and/or web app).</p>		
<p>COST STRUCTURE</p> <p>Assets: Cost of maintaining and insuring assets and having working capital tied up. Asset management Platform: Cost of running the platform, third party service provision.</p>			<p>REVENUE STREAMS</p> <p>Service Revenue: Recurring service revenues (previously owned product may be considered to now be 'servicised'). Revenue model is generally that of a service, potentially with and-on 'consumables'.</p>	
<p>SOCIAL AND ENVIRONMENTAL NEGATIVES</p> <p>Potential decrease of jobs in new products sector.</p>			<p>SOCIAL AND ENVIRONMENTAL POSITIVES</p> <p>Reduced waste to landfill. Reduced waste to incineration. Increase of jobs in service sector. Due to lower item cost, access offered on ad-hoc basis to users unable to afford purchase or asset.</p>	



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Performance

Focus on guaranted performance level or outcome based on the functionality of a product/asset. Typically provided as a product-service bundle.

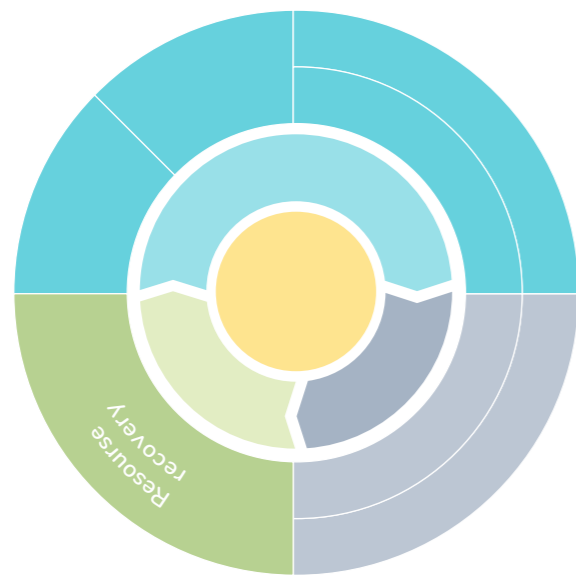




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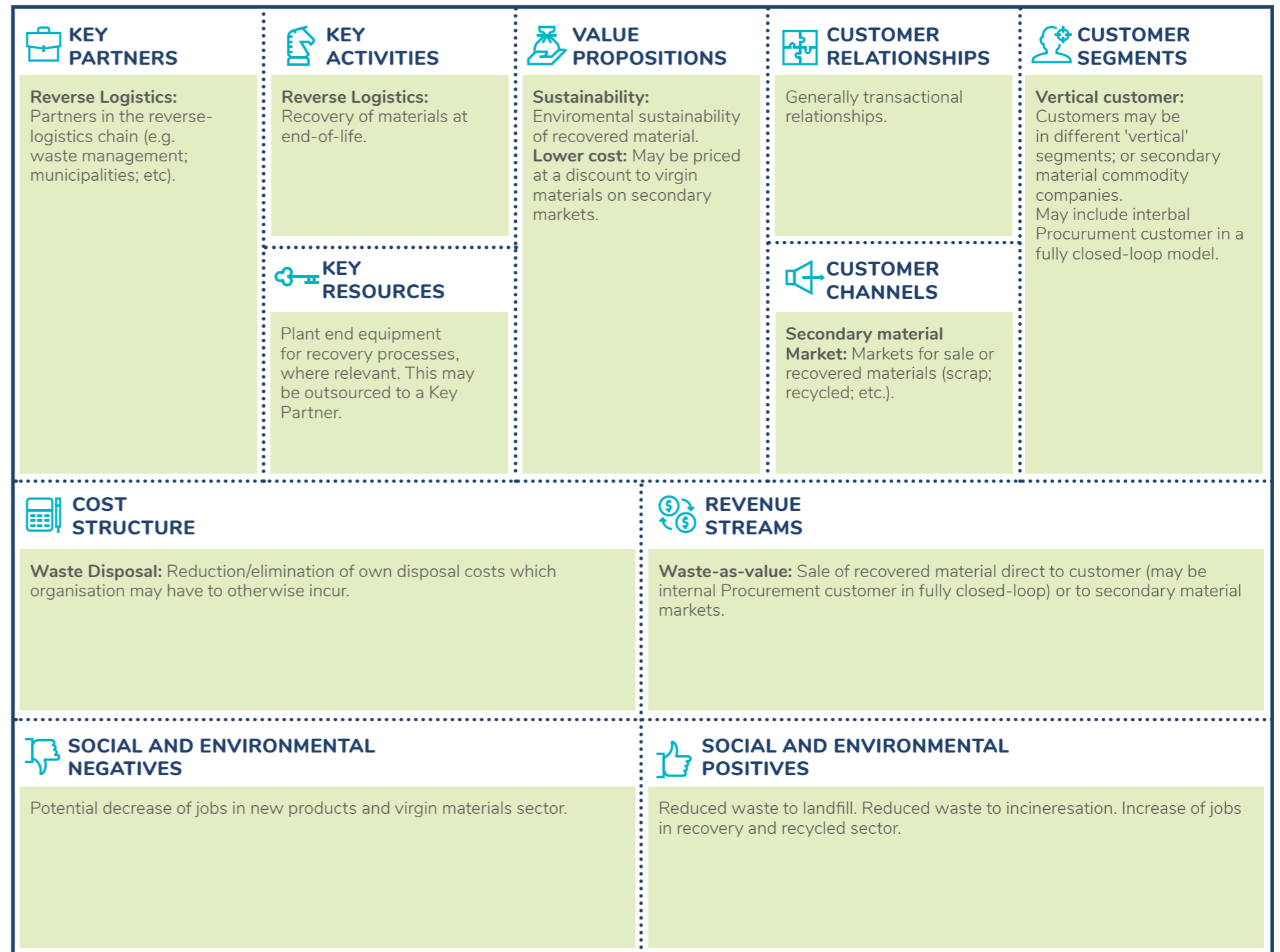
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Resource Recovery

Materials or products at end-of-cycle ar incorporated into different products, or used as feedstock/inputs for another process (or value chain).

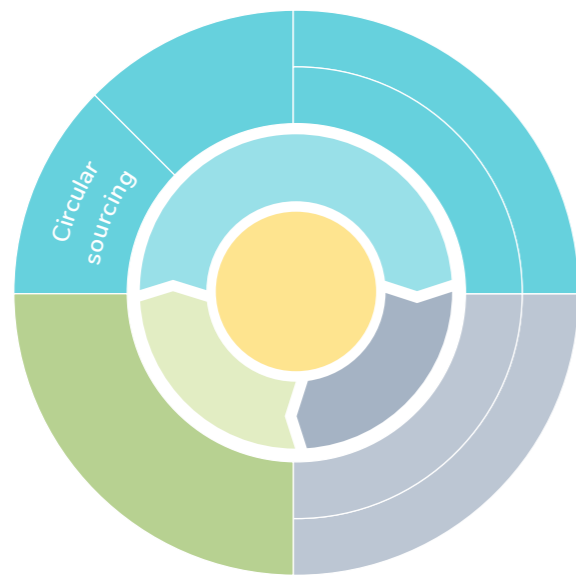




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Circular Sourcing

Sourcing recycled or renewable materials that can be returned to either the technical or biological cycle.

<p>KEY PARTNERS</p> <p>Circular materials: Sourcing recycled/circular materials from commodity partners.</p>	<p>KEY ACTIVITIES</p> <p>Product design: Designing products to use higher levels of recycled content, or substituting more 'circular' materials (e.g. bio-based).</p>	<p>VALUE PROPOSITIONS</p> <p>Sustainability: Main value to customers is environmental sustainability of product. Price isn't necessarily lower than alternatives (and may have a premium).</p>	<p>CUSTOMER RELATIONSHIPS</p> <p>May generate loyalty from customer segments valuing sustainability features.</p>	<p>CUSTOMER SEGMENTS</p> <p>New customer segment: Potentially new segments of sustainability — conscious customers.</p>
<p>KEY RESOURCES</p> <p>Additional resources generally not required.</p>			<p>CUSTOMER CHANNELS</p> <p>May use distinctive channels to reach sustainability — conscious customers if product is sufficiently differentiated.</p>	
<p>COST STRUCTURE</p> <p>Materials: Cost of materials is driven by market price for secondary materials, or raw material cost of bio-based options.</p>		<p>REVENUE STREAMS</p> <p>Product sale: Products may be priced at a premium tp 'non-circular' alternatives.</p>		
<p>SOCIAL AND ENVIRONMENTAL NEGATIVES</p> <p>Potential decrease of jobs in virgin materials sector.</p>		<p>SOCIAL AND ENVIRONMENTAL POSITIVES</p> <p>Reduced waste to landfill. Reduced waste to incineration. Increase of jobs in circular materials sector.</p>		