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USER GUIDE

for you and your SME

How to support the CE transition process

**Linear Turns Circular
Fostering SME's Circular
Economy Transition**



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Foster circular
economy for SMEs

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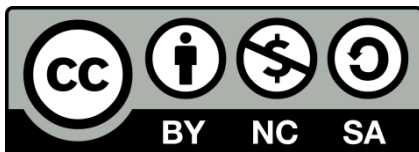
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ANNEXES: DIY templates

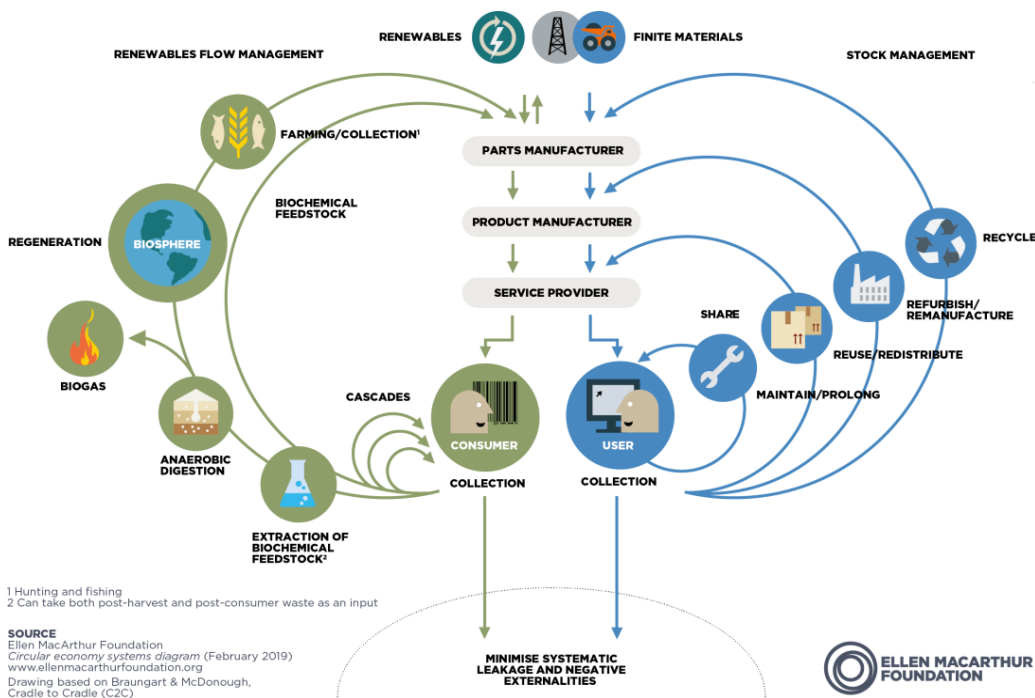
1 Introduction to Circular Economy business model transition planning process

“In our current economy, we take materials from the Earth, make products from them, and eventually throw them away as waste – the process is linear. In a circular economy, by contrast, we stop waste being produced in the first place. We must transform every element of our take-make-waste system: how we manage resources, how we make and use products, and what we do with the materials afterwards. Only then can we create a thriving circular economy that can benefit everyone within the limits of our planet.”¹

Today the transition from Linear to a Circular Economy (CE) is a concrete goal for all organizations due to EU priorities. But also for each and every one of us, because after all, we all ultimately want to save our planet. To do this, three principles must be followed:

- Eliminate waste and pollution
- Circulate products and materials (at their highest value)
- Regenerate nature

Therefore, CE requires a systemic and circular approach to effectively guide the planning and execution of changes in the existing business model and the role of leaders or change facilitators is important for shifting mindsets and ensuring active participation from all stakeholders.



To better illustrate the complexity of CE, Ellen MacArthur Foundation developed the circular economy butterfly diagram is a visual representation of the circular economy model.

¹ Kaivo-Oja, Jari and Vehmas, Jarmo and Luukkanen, Jyrki, Economic Growth and Circular Economy in the European Union: Novel Empirical Synergy Analyses Between Key Variables of Circular Economy and Gross Domestic Growth (GDP) and Gross National Income (GNI) (February 28, 2023). OIDA International Journal of Sustainable Development, Vol. 15, No. 05, pp. 23-36, 2022, Available at SSRN:

The "butterfly" metaphor emphasizes the transformation from linear to circular economic systems, where waste is minimized, and resources are continuously regenerated and reused. It depicts two interconnected loops. The left-side loop represents the biological cycle, showcasing the flow of renewable resources, such as organic materials, through production, consumption, and ultimately returning to nature as biodegradable waste or compost. The right-hand loop represents the technical cycle, illustrating the flow of non-renewable resources, like metals and minerals, through production, consumption, and then being reclaimed, repaired, or recycled for use in new products.

But how can your company also benefit?

Introducing CE brings environmental benefits, fosters new business models, cost savings, and advantages despite of enhanced competitiveness. Furthermore, it allows to achieve environmental sustainability and economic success, as well as to initiate innovations. Apart from it by increasing the impact of your organization's activities on the climate and environment, it also offers an opportunity to enhance the standard of living.

Do you want being involved to help the environment with your company and wonder where to start?

As an SME manager, it is vital that you encourage employee engagement through practice-oriented activities, actions, training sessions and workshops. Implementing internal change management systems and staying informed about legal frameworks and funding opportunities, particularly from the EU, can support the transition.

How can you make that happen?

This User Guide serves as a comprehensive tool to navigate the process of assessing your organization's current state and initiating a transformation towards more circularity. Read it and get the answers.

2 Introduction to the User Guide for SMEs

The Guide emphasizes the significance of gathering attention, support, and acceptance from relevant stakeholders who might potentially be impacted by these changes. Presented are practical procedures, along with templates, to aid the planning, designing, and facilitation of workshops with your team. By applying the instruments, tools and resources, you can effectively guide your organization through the necessary steps to initiate the introduction of circular economy principles and push through the changes inside your organisation.

To get you started with the transformation, we'll begin with a few general explanations before we explain all the important steps and describe in detail the necessary procedure.

Helpful tools

This guide provides a range of templates designed to assist you in documenting your progress and navigate through two distinct phases: Analysis and Planning. The step-by-step breakdown will guide you through various stages, beginning with an analysis of the organization and culminating in the collection of relevant data to inform decision-making on the changes you wish to implement. These templates serve as useful tools for recording your insights and ensuring a systematic approach to the CE journey. In addition, you will always find important definitions explained at appropriate places in "INFOBOXES".

Facilitators and collaborative teamwork

Throughout the planning, analysing and transition process, collaboration with a team is strongly recommended. Each stage offers the opportunity to involve key players and stakeholders crucial for a successful completion. The composition of the CE team may vary depending on the aims and specific activities and steps you plan to undertake.

Overall, it is advisable to engage two facilitators or leaders to conduct the workshops or practical sessions for the CE team, which was internally set up. However, not all steps necessitate the participation of every member of the CE team and in certain cases, it might be beneficial to involve key stakeholders thus bringing new perspectives, insights and assessments into the creation process.

Step 1: Conducting the analysis as the initial phase of the transformation process:

Exploring Stakeholders and Assessing Resources

The first step of the journey towards a CE involves two key aspects. Firstly, conducting a stakeholder analysis is crucial as it shows that no organization operates in isolation. This is because the transition to a CE will impact not only your organization and its employees but also the broader business environment. It is important to identify and engage supporters and possible cooperation partners, while also making efforts to influence and gain their understanding and backing your actions.

Examination of resources utilized in each process is essential to evaluate the potential and magnitude of the required changes. This evaluation will help determine the scale of the transformation needed to embrace the principles of the CE.

9R analysis and Circular Canvas: Gaining insights for progress. The analysis of the stakeholder dynamics and resource evaluation will provide valuable insights for the next step in your journey towards a CE. The 9R analysis enables you and your team to assess your current level of circularity and identify opportunities for further expansion in embracing circular practices.

Once you have diagnosed the potential for change, it's time to take a broader perspective on your organization using **the Circular Canvas**. This tool allows you to consolidate all the essential information gathered during the workshops, which will serve as a foundation for the planning phase. Additionally, you will develop your organization's mission and value proposition, aligning them with the principles of the CE.

Step 2: Planning the transformation:

Crafting Your Circular Blueprint: Embracing Vision, Rules, and Collaboration

The second step is the Planning phase of your CE journey, when you will embark on a process of envisioning your organization's future state after the CE transformation. This involves defining your organisation **Purpose**, i.e. a clear **vision** of where you want to be and why it holds significance. Engaging your team, you will explore the fundamental question: why are we undertaking this transformative journey?

Next, you will establish a set of guiding principles – **General rules** that will shape the culture and practices within your organization. These guidelines will capture "the way we do things around here" and ensure alignment with CE principles.

Building upon the insights gained from the previous **9R analysis**, your team will look for **potential areas for improvement and plan changes** aimed at reducing resource waste within your organization. This step will require collaboration and involvement of suppliers and customers, either by having them represented on your design team or by seeking their input during the process.

By fostering a collaborative approach and harnessing the collective wisdom of your stakeholders, you will develop a comprehensive plan that encompasses resource optimization, waste reduction, and sustainable practices. This iterative process will empower your organization to drive positive change and unlock new opportunities in the circular economy landscape.

As you progress in your CE journey, the next crucial step is to assess the **Key competencies** required to execute your planned actions. Reflect on these competencies, considering whether your organization

already possesses them or if it would be more feasible to develop or outsource them. Remember, these competencies are essential, so they cannot be overlooked or skipped.

In the process of planning your CE changes, it is essential to anticipate and prepare for potential outcomes and challenges. Developing a **contingency plan** becomes paramount. Take the time to identify and enumerate all **possible consequences**, both positive and negative, that you can foresee. Strategize on how to capitalize on the positive outcomes and proactively mitigate any negative effects.

With this groundwork laid, it is time to craft your **Action Plan**—a detailed roadmap outlining the specific tasks, timelines, responsible individuals, and quality standards. This comprehensive plan ensures that every aspect of the change implementation is accounted for. It provides the reassurance that all necessary measures have been taken to minimize the risk of failure.

By proactively assessing competencies, creating contingency plans, and developing a robust Action Plan, you set the stage for a successful implementation of your CE initiatives. With careful preparation and attention to detail, you position your organization to navigate the challenges and seize the opportunities that lie ahead in your circular economy journey.

PREPARATION

A) Preparing the Environment and Sensitising Key Stakeholders

A crucial step in ensuring the successful implementation of your Circular Economy (CE) initiatives is to adequately prepare the environment and sensitise key individuals and actors about the importance of the upcoming changes. This entails conducting an informative campaign to educate and engage those affected, outlining the necessity, steps, approach, and ultimate results to be achieved. It is essential to clearly illustrate the advantages and disadvantages of the linear traditional model compared to the CE, emphasizing the benefits of the latter. Gaining the support and commitment of your employees is fundamental for their active contribution and engagement in the transformation process. It should be kept in mind, that people are not inherently resistant to change, but rather to attempts that are not properly explained or understood. So allocate sufficient time to effectively communicate what changes you plan to implement and why, ensuring clarity and transparency throughout the process. By fostering understanding and addressing concerns, you can foster a positive and receptive atmosphere for the forthcoming changes.

B) Unlocking the Potential of CE in Your Organization

Incorporating the principles of CE requires a series of activities both internally and externally within your organization. To kickstart the process, consider organizing informative events that foster conversations and idea exchanges among staff, management, and stakeholders. These events serve as platforms to address concerns, gather valuable insights, and promote eco-friendly habits. By establishing an exchange platform, you can facilitate a coordinated implementation process, foster team collaboration, and strengthen commitment within your institution. This approach offers a unique opportunity to build a dedicated team that embraces and champions CE principles, driving the design and introduction of innovative initiatives and transformative changes. Don't miss the chance to unlock the potential of CE and pave the way for a sustainable future.



INFOBOX

Resources are stocks and means used to achieve specific purposes and goals. These include, for example, the creation and provision of products and services. In the economy, resources are intangible and tangible goods: operating resources, money, energy, raw materials and employees.

Waste is defined by European Commission² as any substance, material or object which the holder discards or intends or is required to discard. The term waste refers to things whose proper collection, storage, transport and treatment as waste is required in the public interest, even if it has entered into an association with the soil that is detrimental to the environment.

Resources wasted: waste is produced when we consume valuable resources for nonsensical things; the resources used this way could be put to better use if they were used more moderately or more intelligently. Waste is, so to speak, the opposite of sustainability and is one of the few things where tolerance is actually no longer appropriate.²

² https://knowledge4policy.ec.europa.eu/glossary-item/waste_en

3 Steps: Analysis

The Analysis phase consists of following four key steps.

1. Stakeholders Map:

Guiding question: Who are your stakeholders and how can they influence and support the CE transition inside your organisation?

- Use the [1.1 Stakeholder Map template](#) and complete it according to the process described on the following pages.

2. Key-Activities-Resources-Waste analysis:

Guiding question: What are key activities of your organization? Where do you use Resources? Where do you generate Waste?

- Use the [1.2 Key activities, resources used and waste generated template](#) and the suggested process to elaborate on the kind of resources used and reveal where your organisation generates waste.

3. 9R analysis of your organisation:

Guiding question: What circular processes are already in place in your organisation?

- Use the [1.3 9R analysis of your organisation – current status template](#) and following the defined process to elaborate which of 9Rs are you currently using or already implementing.

4. L2C Canvas:

Guiding question: What is the mission of your organisation? What information gained during the analysis phase which can be included into the mission or revised, considering the CE principles and organisational potential for changes?

- Use the [1.4 L2C Circular Canvas template](#) and transfer all collected findings and data, completing them by additionally required information in following sections:
 - **Mission,**
 - **Stakeholders**
 - **Key activities** of your organisation,
 - your **Customers, Value Proposition,** and **Distribution** channels
 - **Resources and Waste**
 - **9R analysis results - current status**

All templates can be downloaded in an editable MS Power Point version from the L2C website:
<https://www.ltoc.eu/downloads>

3.1 Stakeholders map

Stakeholders may be defined as any individual or group of individuals either impacted upon by the company or able to impact achievements of its objectives.³ Stakeholders are crucial to the success of the organization's CE transformation. They can actively promote, change or hinder transformation process.

The **OBJECTIVE** of this activity is to:

- perform a detailed analysis of stakeholders who may influence the changes concerning your organisation;
- define the most influential stakeholders/stakeholder groups;
- start various activities to mobilize and engage stakeholders for CE transformation.

The **PROCEDURE**:

1. Build a team assigned to foster the CE transition to brainstorm the list of stakeholders.
2. Develop a stakeholders' list with the assistance of the following questions:
 - Who may be affected by CE transition of the organisation?
 - Who can influence that change?
 - Who has interest or concerns connected with it?

TIP: Use brainstorm techniques like mind mapping, rapid ideation or online collaboration tools like MIRO or MURAL (see other techniques: <https://www.wework.com/ideas/professional-development/creativity-culture/effective-brainstorming-techniques>)

3. Organise the stakeholders answering the questions:
 - What is their level of influence?
 - What is their level of interest in the planned changes and transformation?

Use the [Template 1.1 Stakeholders Map](#) and place each stakeholder (or a group) into the appropriate box.

INFOBOX

The level of stakeholders' influence reflects their potential impact on and their ability to change or impede the CE transition. The level of stakeholders' interest depends on the extent to which they may benefit or be affected by the change to be implemented.

Further information:

- <https://ctb.ku.edu/en/table-of-contents/participation/encouraging-involvement/identify-stakeholders/main>
- <https://miro.com/blog/stakeholder-mapping/>

³ Conference: 12th International Conference of Education, Research and Innovation (ICERI 2019) At: Seville - Spain

3.2 Key Activities: Resources used – Resources wasted

Performing a thorough analysis involves mapping key activities, resources utilized, and waste generated throughout your organization's processes. This encompasses both internal administrative functions that keep the organization running smoothly and value-generating activities for customers. Consider examining your entire value chain, including suppliers and the distribution and delivery of your final products or services. By assessing these aspects, you can identify opportunities for resource optimization, waste reduction, and the implementation of circular practices at every stage of your operations.

The OBJECTIVE of this activity is to:

- name all processes that function in your organisation;
- analyse the resources used at different stages;
- discover the sources of waste generation (where, what, who) and name the type of waste (e.g., animal-tissue waste, plant-tissue waste, waste metal)⁴;
- estimate the size of the resources used and waste generated.

The PROCEDURE:

1. Get your project team together and collect input about processes in your organisation, you are going to “review” and change for more circularity. It might be for one department or project or for the whole organisational processes. When stuck, you may want to look at specific activities performed in various parts of your organization.
2. Divide bigger processes into activities.
3. You can use the [1.2 Key activities, resources used and waste generated template](#).

Key questions for the activities:

- What resources are used?
- What waste is generated?
- To what extent is resource used and waste produced?

TIP: To work on this step, you may apply the provided template directly, use large sheets of paper for visualisation or select one of online collaboration tools you used in the stakeholder analysis.

INFOBOX

You will use the results of this activity to make some decisions that will help you find the starting point (points) for the CE transformation. Use the **1.4 DIY template L2C Circular Canvas** to write down the key activities (together with resources used and waste generated). There are several ways to decide which ones to choose: the core business activities, the largest resources users, the biggest waste generators, etc.

Further information:

- <https://www.eea.europa.eu/en/topics/in-depth/waste-and-recycling>
- <https://www.eea.europa.eu/publications/investigating-europes-secondary-raw-material>
- <https://www.eea.europa.eu/en/topics/in-depth/resource-use-and-materials>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32001D0118>

3.3 9R analysis of your organisation

This analysis step examines the strategies and actions your organization has already implemented in its pursuit of circularity, providing a thorough understanding of your current progress towards a CE.

The **OBJECTIVE** of this activity is to:

- analyse each and every resource against 9Rs strategies to define which of the resources are already being used in a sustainable way;
- define the gaps for taking further actions.

The **PROCEDURE**:

1. Make a list of all resources you are using in your organisation. Try to make it as complete as possible.
2. Using [1.3 9R analysis of your organisation – current status template](#) performs the analysis for each resource/product. Start your analysis from the simplest strategies down at the bottom in the “Useful application of materials” section and move upwards.
For each resource/product answer the question:
 - Which 9R strategies is your organisation is already implementing in relation to this resource/product?
3. Note carefully all examples of actions that are already in place in relation to a particular resource/product that is in the upper strategies register. This could be your benchmark.
4. Perform the same process for each and every resource you use in your organisation.

Key questions for the activities:

1. How can we reassess our current business practices and explore alternative approaches that align with the principles of a circular economy?
2. What measures can we take to minimize the use of resources and decrease waste generation throughout our operations?
3. What opportunities can we identify for extending the lifespan of products or materials by discovering new purposes or applications for them?
4. In what ways can we promote reparability and maintenance, ensuring that products can be fixed and kept in use for longer periods?
5. How can we establish effective recycling systems and processes to recover valuable materials from waste streams and reintegrate them into the production cycle?
6. What other R strategies (Infobox) are we able to implement?

INFOBOX

RECYCLE- processing to obtain same or higher quality product

RECOVER- utilizing organic waste materials such as food scraps or agricultural residues to produce compost or bioenergy through processes like anaerobic digestion or composting or by incinerating them or putting through other processes to recover energy.

REUSE- extending the life of products or components by finding new uses for them.

REPAIR- repairing and maintaining a defective product so it could be used with its original function

REFURBISH- process of renovating, repairing, or restoring an item or space to a like-new or improved condition.

REMANUFACTURE- using the parts of discarded products in a new product with the same function.



REPURPOSE- using discarded products or their parts in something new with a different function.

REFUSE-increasing efficiency in its manufacture or by using fewer natural resources and materials. Focus on avoiding or minimizing the consumption of unnecessary or wasteful products and materials.

RETHINK- this strategy emphasizes the need to challenge conventional thinking and shift towards more sustainable and innovative solutions e.g. by the use of the product more intensive (e.g. sharing it).

REDUCE- minimizing the consumption of resources and the generation of waste efficiency in its manufacture or by using fewer natural resources and materials.

Further information:

<https://yadda.icm.edu.pl/baztech/element/bwmeta1.element.baztech-2de006b4-e568-4eab-8f12-7dbad3f57463>

3.4 L2C Circular Canvas

During this step, you will be able to take a broader perspective on your SME. Looking at your organisation with the guidance of this tool will allow you to consolidate all the essential information gathered during the workshops with your team, which will serve as a foundation for the planning phase. Additionally, you will develop or reformulate your organization's mission and value proposition, aligning them with the principles of the CE.

The **OBJECTIVE** of this activity is to:

- look at your organisation's activities from a broader perspective;
- ponder over mission and review the values your organisation promises;
- gather in one place all pertinent information you were able to retrieve during the analysis;
- list main stakeholder (groups) you should engage and involve in CE transition planning process to ensure its success.

The **PROCEDURE**:

1. Place in one document [1.4 DIY template L2C Circular Canvas](#) results of all the steps you have performed so far. Start filling in the template with the mission statement (also if you do not have one yet).
2. Write down Value Proposition. To write a good one, you need to know and understand your product very well, so consider answering the following questions first:
 - What is the function of your product?
 - How does it work/what are the key characteristics?
 - What problems does it solve and how?
 - How does it compare to the products of your competition?
 - What different types of value or hard results are created for each group of your stakeholders?
3. Using the results from the stakeholder analysis, list main stakeholder (groups) you should engage and involve in CE transition planning process to ensure its success.
4. Define Distribution channels i.e., website, social media, conferences or workshops just to name a few, asking the following questions:
 - How can you publicise our offer?
 - How is it delivered or made available and how does this process work?
 - What level of customer service is in place?
 - How can this be developed further?
5. Fill in the remaining parts of L2C canvas structure and complete sections:
 - Key activities of your organisation;
 - Your Customers/Source of revenue;
 - Resources used and Resources not used.



INFOBOX

A mission statement is an action-oriented statement that explains your organisation's purpose. It summarizes what you do for customers, employees, and owners and why you do it.

A value proposition is a short statement communication why the customers should choose what you have to offer. It is a promise of value that the customers can expect from your organisation. It is a promise that is unique to your organisation.

To create a value proposition, first you need to have a clear understanding of what it is you offer (product, service).

Example: How to create a value proposition for a bakery:

The function of its products: to provide basic everyday food, to feed people giving them nutrients, to increase the level of serotonin, to make people happy, to satisfy customers with special needs

How does the product work/key characteristics: can be eaten on its own, can accompany any meal, quickly fills the stomach, attracts the customers due to its smell; contains only natural ingredients, natural rising agent, top quality flour with eco certificates, dairy and gluten free bread alternatives, natural time-consuming process of production, stays fresh for a long time; detailed description of all ingredients used for each product; engaged and content staff, fresh bread 24/7

What problems does it solve: provides nutrition, customers with allergies and food products intolerance can purchase products safe to eat; solves the problem for customers who forgot to buy bread or have unexpected guests;

Comparison to products of the competition: availability, 100% natural, no short cuts to production process, eco certificates for all ingredients, traceable sources of ingredients, ability to produce small batches crafted to individual customer needs

Value created for the customers: delicious, high-end bread and rolls, creative products following tradition but also dietary trends, only freshest and natural ingredients, always available, products crafted to the special customer needs

Value proposition statement: Our bread will satisfy your nutrition needs no matter how specific they are. With our products we not only provide food but also take care of your health and wellbeing.

Further information:

<https://www.thepowermba.com/en/blog/business-model-canvas>

<https://circulab.com/toolbox-circular-economy/circular-canvas-regenerative-business-models/>



4 Steps: Planning

In this section of the Guide, you will find several ideas supported by templates for planning your organisation's transition to CE.

The Planning phase consists of the following templates and questions behind them:

1. CE Policy – Structure:

What is the vision of your organisation after the CE transformation (in 3 years)? What will be your organisation's CE goals and values?

- Use the [2.1 CE Policy – Structure template](#) to work on the vision of your organisation after CE transformation and describe the way you plan to do business to introduce the changes.

2. 9R analysis part 2 - possible improvements & changes:

What potential will be released through “saving” made on resources and waste and how can you benefit from it?

- Use the [2.2 9R analysis part 2 - possible improvements & changes template](#) to plan and decide what more you can do with those resources not used and waste using 9R model as a reference.

3. Planning changes – Step 1: Key competencies analysis:

What specific competencies do you need in your organisation to be able to move forward with the changes?

- Use [2.3 Planning changes – Step 1: Key competencies analysis template](#) to analyse and define specific competencies on organisational level that will be indispensable to lead and conduct the change.

4. Planning changes – Step 2: Positive and negative consequences analysis:

What problems and challenges could your organisation face during the transformation? What consequences of the changes could be expected? What contingency actions should be planned?

- Use [2.4 Planning changes – Step 2: Positive and negative consequences analysis template](#) to perform Potential Problem Prevention analysis and brainstorm and discuss all possible consequences of the planned changes and think of contingency actions.

5. Planning changes – Step 3: CE implementation Action Plan structure:

What are possible areas and activities you can start inside your organisation? What are the following steps and fields of action? In what order will you implement changes?

- Use [2.5 Planning changes – Step 3: CE implementation Action Plan structure template](#) to prepare a detailed implementation plan with your team.

All templates can be downloaded in an editable MS Power Point version from the L2C website:
<https://www.l2c.eu/downloads>

4.1 CE Policy – Structure

CE policy will be your guidelines for the future. Generally, it consists of 2 main paragraphs: the definition of Purpose and General rules. Please use the [2.1 Policy structure template](#).

The **OBJECTIVE** of this activity is to:

- work on the vision of your organisation after CE transformation;
- develop CE goals for your organisation to understand the perspective and the motivation underlying the changes;
- review organisational values;
- define how you will monitor and measure the progress of transformation activities.

The **PROCEDURE**:

I. Purpose

To come up with the purpose, think of the vision of your organisation after the transformation. Answering the following questions will be helpful:

- where do you see your organisation after CE transformation?
- where would you like to be?
- why is it important?
- why are you going through CE transformation?

II. General rules

To build a list of general rules it is easier to start with answering some of the questions below:

- what are your organisation's CE goals - short and/or long-term ones?
- what are your values?
- what are the general rules you plan to follow to achieve those goals?
- what behaviours do you want to promote?
- how do you want to do business from now on?
- what changes to your core processes are needed?
- how will you monitor and measure the CE transition process?

TIP: The final result should be 2 pages maximum that could be published on the website.



INFOBOX

The structure of a CE policy can vary depending on the type of company, the legal circumstances of the country or the region. However, there are common elements and components that are often included in the policy framework. Here is an overview of the structure of the closed-loop economy policy:

1. Introduction and Policy Vision
2. Policy Framework and Principles
3. Regulatory Framework
4. Funding
5. Stakeholder Engagement and Collaboration
6. Implementation Plan and Targets
7. Monitoring and Evaluation
8. Awareness and Education circular economy policies often include provisions for raising awareness and promoting education on circular principles.

Further information:

<https://circulareconomy.europa.eu/platform/en>

- <https://clustercollaboration.eu/in-focus/policy-support>
- <https://www.circle-economy.com/circular-economy/key-elements>

4.2 9R Planning – looking for potential areas for improvement & changes.

Remembering that the 9Rs is a circular economic framework that helps to examine how materials can be used and reused at their highest value while minimizing waste and destruction to the environment, review the resources used in your organisation once again, this time looking the opportunities to upgrade the strategies that are already in place. Use the [2.2 9R analysis part 2 - possible improvements & changes template](#) and the suggested process.

The OBJECTIVE of this activity is to:

- find areas for improvement by upgrading the strategies used with the resources;
- review and update the list of resources used in your organisation;
- encourage all employees to constantly look for the ways to shorten the loop.

The PROCEDURE:

1. Look at the [1.3 9R analysis of your organisation – current status template](#) where you have marked all strategies your organisation has been using so far in relation to the resources you use.
2. Refer to [2.2 9R analysis part 2 - possible improvements & changes template](#) to start analysing what improvements could be made to the strategies you have been using so far in relation to the enumerated resources. Ask your team the following questions:
 - How can we use/manufacture the product in a smarter way?
 - How can we extend the lifespan of products?
 - How can we make the materials useful?

TIP: Analyse if there is more that could be done with each of the resources enumerated. Try to upgrade i.e. go up in the circular strategy ladder in as many cases as possible. Stretch yourself a bit. If stuck, review the most advanced strategies you have been using so far and try to analyse how to use the same approach to other resource type.

3. Amend the list resources from [1.2 Key activities, resources used and waste generated](#) and [1.4 Circular Canvas](#) templates with newly “discovered” ones and perform the Part 1 and Part 2 analysis for them as well.
4. Use this process on an ongoing basis. It should become a part of your action plan.

INFOBOX

The shortest loops in the R-framework are Refuse, Rethink, and Reduce as they eliminate waste in the design stage.

The longest loops are Recycle and Recovery. These are connected with products that have the “waste” label in their respective industry and require technical equipment and a new energy process to give them fresh value.

Further information:

<https://circabc.europa.eu/ui/group/96ccdecd-11b4-4a35-a046-30e01459ea9e/library/9827b88f-cf22-43d5-9d8e-9b87dfe89b91/details>

https://prosperkolleg.ruhr/wp-content/uploads/2022/08/rethink_22-03_r-strategien_EN.pdf

<https://ellenmacarthurfoundation.org/videos/explaining-the-circular-economy-rethink-progress>

4.3 Planning changes

Step 1: Key competences analysis

Key competences are the combination of skills, knowledge and characteristics through which an organisation achieves a sustainable competitive advantage. Here you will be looking at all organisational competencies, with special focus on the ones that are indispensable for CE transition.

The **OBJECTIVE** of this activity is to:

- define key organisation competencies for your company, especially those needed for CE transition;
- assess the current level of defined competences;
- brainstorm the methods/sources for their development.

The **PROCEDURE**:

1. Together with your team look at the mission and your CE Policy and determine the key competencies answering the questions:
 - What skills and knowledge are needed to succeed in implementing CE transition, managing resources and achieving the vision? Differentiate them according to staff positions, if possible.
 - What competencies do we need to **START** the change process?
 - What competencies do we need to **LEAD US THROUGH** the transformation?

To make sure you are moving in the right direction or if you are stuck somewhere in the process, you may want to ponder over the answers the questions:

- Why do the customers buy from your company and what will they value in the CE transformation you plan to go through?
 - What does your company do well according to your employees?
2. After finalizing the competence requirement list, check each of the competence against the criteria:
 - does it provide benefits to the customer?
 - does it distinguish your organisation from the competitor's and
 - is it rare to find?

TIP: If there are no benefits connected to that particular competence, it is not the key competence that is crucial for CE transition of your organisation. For example, benefits to the customer are understood in a much broader sense – not just the profit or financial gain but also cleaner environment etc.

3. Look at each of the key competencies and answer the question:
 - do you have this competence in the house?
 - how/where can you look for/develop these competencies? Could you outsource them?

You can facilitate your work with [2.3 Planning changes – Step 1: Key competencies analysis template](#).

INFOBOX

Key competences, first defined by Gary Hamel and C.K. Prahalad in their HBR article, as the collective learning of any organisation, are seen as processes that are central to the way an organisation works. They provide benefits to the customer; they distinguish your organisation from the competitor's and are rare to find.

A key competence of the organisation can take various forms, including technical/subject know-how, a reliable process or special type of relationships with customers and suppliers. It may also include product development or culture, such as employee relations or engagement.

The key competences of a Small and Medium-sized Enterprise (SME) vary based on the specific industry and focus of the business. However, some common key competences for SMEs might include:

Technical Skill and Expertise: A strong foundation in the specific business area, including technical skills, knowledge of materials, and a deep understanding of the processes involved. Product design, creation/production.

Creativity and Innovation: The ability to come up with new and unique ideas, designs, and approaches within the craft, setting the business apart from competitors.

Product Quality: A commitment to producing high-quality products that showcase excellence and attention to detail.

Adaptability: Being able to respond to changing customer preferences, market trends, and technological advancements while maintaining the core values.

Customer Relations: Building and maintaining strong relationships with customers, understanding their needs, and providing personalized solutions.

Business Management: Skills in business administration, financial management, marketing, and operations to ensure the overall success and sustainability of the specific business.

Networking and Collaboration: Building a network within the industry, collaborating with suppliers, other business entities, and relevant associations or organizations.

Time Management: Efficiently managing production timelines, deadlines, and client expectations to deliver products on schedule.

Problem Solving: The ability to identify challenges that arise during production or business operations and finding effective solutions.

Marketing and Branding: Effectively promoting the products through branding, online presence, social media, and other marketing channels.

Environmental Consciousness: An awareness of sustainable practices and eco-friendly materials, as modern consumers often value environmentally responsible products.

Continuous Learning: Staying updated with new techniques, technologies, and trends in the craft industry to remain competitive and relevant.

Further information:

- <https://hbr.org/1990/05/the-core-competence-of-the-corporation>
- <https://www.ellenmacarthurfoundation.org/publications>

4.4 Planning changes

Step 2: Positive and negative consequences analysis

It is important to be clear about the consequences of the planned changes; not only for the company processes but also for the employees. The changes and new objectives are the source of worries, they influence motivation and engagement of the team members. It is useful to define positive consequences since this knowledge could be used for designing PR activities but equally important is to be able to answer the question: what could possibly go wrong?

The OBJECTIVE of this activity is to:

- make a list of all possible consequences connected with introducing the changes you planned earlier;
- classify them according to their immediacy, influence, target group etc;
- prepare a plan to speed up the positive consequences together with preventive actions and a contingency plan for negative ones.

The PROCEDURE:

1. List all possible consequences with your CE team for your organisation in the [2.4 Planning changes – Step 2: Positive and negative consequences analysis template](#).
2. Looking at the stakeholder map, mark everyone who will be affected by the changes and analyse the stakeholders, one by one, asking the questions:
 - How will they be affected by the changes?
 - Are they keen to face such a transition?
 - How will they react to it eventually?
3. Make sure you perform such an analysis for all employee and stakeholder groups. You may even consider doing it for individual employees. The result should be an extensive list of positive and negative consequences, no matter how probable they seem at the moment. You are looking for answers to the question:
 - What are the consequences of implementing each one of the planned changes?
4. Classify the status of **each** of the consequences asking the questions:
 - Is it Current - C or Future - F consequence?
 - Is it Sure - S or Unsure - U consequence?
5. Take positive consequences one by one and answer the questions:
 - What actions (solutions) may speed it up?
 - Who else could be motivated by them?
 - How could their influence on other stakeholder groups be enlarged?



6. Take the negative consequences and run a **Potential Problem Prevention** analysis for each of them.

To prepare **preventive actions**, ask questions such as:

- What could trigger this negative consequence?
- What can be done to reduce the chances of these negative consequences happening?

To prepare **contingency plan**, ask the questions such as:

- What measure can we take in case these consequences occur?
- For each negative consequence analysed above, ask the question: What can be done to minimise the effects of any problems if they were to happen?

INFOBOX

One of the possible ways to classify the consequences would be:

Positive	The type of consequence that an employee would perceive as an improvement to his/her job.
Negative	The type of consequence that is perceived by an employee as something that would make their job more difficult.
Current	The consequences that can be observed immediately after the changes have been introduced or even while they are being introduced, e.g., difficulties connected with the new sales model.
Future	Situations that may take place in the future, e.g., the consequences that will be visible within 3-months-time, when the quarterly bonus is due.
Certain	Consequences that will happen regardless of other conditions, e.g., the board has approved a certain amount of money to be set aside for sales bonuses.
Uncertain	Consequences that may or may not happen, e.g., the sales value may increase or not.

Further information:

<https://www.wrforum.org/>

4.5 Planning changes – Step 3: CE implementation Action Plan structure

When planning changes to a business model in the context of a CE (Circular Economy) business, there are several important factors to consider:

- **Goals and Objectives:** Clearly define the goals and objectives of the planned changes.
- **Value Proposition:** Define a compelling value proposition for your circular business model.
- **Stakeholder Engagement:** Engage with key stakeholders, including customers, suppliers, employees and investors.
- **Planning Changes:** Identify the key actions, expected results, timeframe required to implement the new business model. Assess the necessary operational changes, such as reconfiguring supply chains, adopting new technologies, redesigning products for durability or recyclability, or establishing partnerships for resource sharing or waste management.
- **Measurement:** When planning your goals, determine the timeframe and expected results, and assume the risk of prolonging key activities.
- **Risk Assessment:** Identify potential risks and challenges associated with implementing the new business model.
- **Communication:** Develop a communication and marketing plan to effectively communicate the changes to your stakeholders and customers.
- **Continuous Improvement:** Recognize that implementing a circular economy business model is an ongoing process.

By considering these factors, setting clear goals, taking appropriate actions, and measuring the expected results, you can effectively plan and execute changes to your CE business model.

The **OBJECTIVE** of this activity is to:

- design action plan for implementation of the CE business model transformation.

The **PROCEDURE**:

1. Get your project team together (now, for the planning stage, you may want to enlarge it to make sure the key processes owners are represented) and look at the [1.2 Key activities](#) at the L2C Circular Canvas template.
2. Using the [2.5 Planning changes – Step 3: CE implementation Action Plan structure template](#) record your preliminary ideas, work with your team on answers to the following questions in reference to each of the [Key activities](#):
 - Where will you start right away?
 - What could be done immediately that guarantees instant success, to create a positive and engaging atmosphere about the transformation?
3. Take one process at a time and ask the question:



- What are the actions that could be taken for 1-2 years perspective in the direction of CE business model?
4. Look at the actions and answer the question:
- What estimates about the costs (financial investment /time/ effort/manpower) can we make?
 - In which order will we start introducing the changes?
 - Who should be on the transformation team considering the set of competences needed to plan and implement the transition?

INFOBOX

Keep in mind:

Communication and Change Management:

- Develop a robust communication plan to engage and inform all stakeholders.
- Clearly communicate the purpose, benefits, and progress of the CE transformation.
- Provide regular updates, address concerns, and celebrate achievements.

Continuous Improvement and Evaluation:

- Continuously monitor and evaluate the effectiveness of the CE transformation.
- Collect feedback from employees, customers, and other stakeholders.
- Identify areas for improvement and refine the transformation strategy as necessary.

Celebrate Success and Sustain Momentum:

- Recognize and celebrate milestones, achievements, and successes throughout the transformation journey.
- Encourage a culture of continuous improvement and innovation.
- Ensure ongoing commitment and engagement from all levels of the organization

Further information:

- <https://circulareconomy.europa.eu/platform/en/good-practices>
- https://www.islington.gov.uk/~/_media/sharepoint-lists/public-records/wastemanagement/businessplanning/strategies/20212022/20220113circulareconomyactionplan1.pdf
- <https://www.mdpi.com/2071-1050/14/18/11354>



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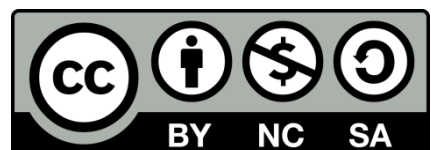


Linear Turns Circular
Fostering SMEs' Circular
Economy Transition

All DIY templates

English

All templates can be downloaded in an editable MS Power Point version from the L2C website:
<https://www.ltoc.eu/downloads>



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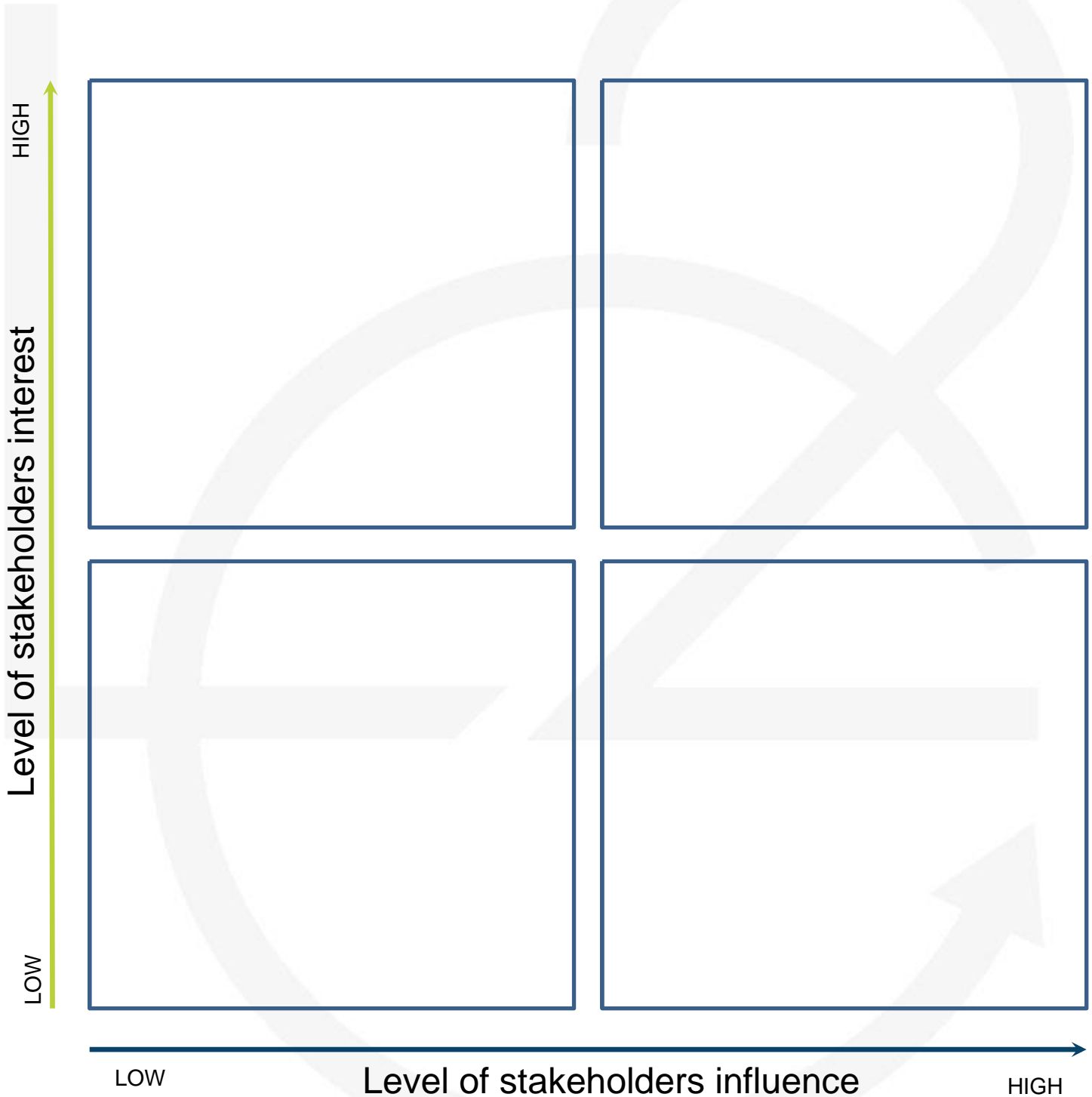
1.1 Stakeholders map template

- Who will influence that change (CE transition)?
- Who will be affected with that change (CE transition)?

Template 1.1 STAKEHOLDERS



MAP



The level of **stakeholder influence** reflects the potential impact that this group can have on the project and the stakeholder's ability to change or stop the CE transition.

The level of **stakeholder interest** depends on the extent to which they are likely to benefit or be affected by the change being implemented. The more they have to gain or lose, usually the greater their interest is.



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1.2 Key activities, resources used and waste generated - template

Template 1.2 KEY ACTIVITIES



RESOURCES

WASTE

Key activity 1

Resources used in key activity 1

Resources Wasted in key activity 1

Template 1.2 KEY ACTIVITIES



RESOURCES

WASTE

Key activity 2

Resources used in key activity 2

Resources Wasted in key activity 2



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1.3 9R analysis of your organisation – current status

- Do you make the materials useful?
- Do you extend the lifespan of products?
- Do you use/manufacture resources/the product in a smart way?

Start from the strategy of the bottom and move upwards

Refuse

Rethink

Reduce

Reuse

Repair

Refurbish

Remanufacture

Repurpose

Recycle

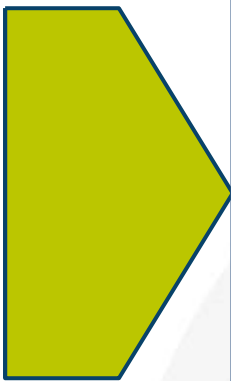
Recover

Template 1.3 9R/1



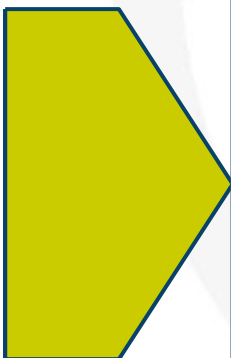
Do you make the materials useful?

Recycle



By recycling them i.e. processing to obtain same or higher quality product?

Recover



By incinerating them or putting through other processes to recover energy?

Template 1.3 9R/1



Do you extend the lifespan of products?

Reuse



By offering a product still in good condition to another consumer to use it for its original purpose?

Repair



By repairing and maintaining a defective product so it could be used with its original function?

Refurbish



By restoring it and bringing it up to date?

Remanufacture



By using the parts of discarded products in a new product with the same function?

Repurpose



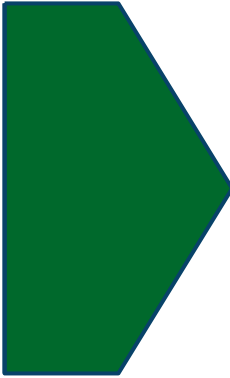
By using discarded products and/or their parts in sth new with a different function?

Template 1.3 9R/1



Do you use/manufacture resources/ product/service in a smart way?

Refuse



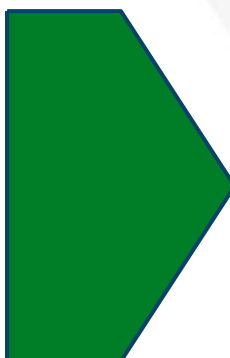
By increasing efficiency in its manufacture or by using fewer natural resources and materials?

Rethink



By making the use of the product more intensive (e.g. sharing it)?

Reduce



By increasing efficiency in its manufacture or by using fewer natural resources and materials?



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1.4 Circular Canvas template

Template 1.4 L2C Canvas



Mission

Key activities

Key stakeholders

Value proposition

Resources used

Which resources (natural, technical) are used in your key activities?
How do you facilitate its consumption? Could they be used in more circular way?

Customers

Distribution

Consider all distribution channels you use

Resources not used

What kind of waste do you generate while conducting your core activities?



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2.1 CE Policy template

Template 2.1 CE POLICY

STRUCTURE

I. Purpose

(Please write the vision of your organisation after CE transformation, where would you like to be? Why is it important? Why are you going to do CE transformation)

II. General rules

Please list (some o them or all of them)

Our circle economy goals - short term and/or long term (core processes + organisation + surroundings)

Our values, the way we are going to achieve those goals - general rules

Preferred behaviours, activities in different areas. How are we going to do business? services?

What changes are we doing in our core processes (production, services, ...)?

How do we monitor and measure the CE transition process?

2 pages maximum - could be published on website



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2.2 9R Planning – looking for potential areas for improvement & changes

- How can we make the materials useful?
- How can we extend the lifespan of products?
- How can we use/manufacture the product in a smarter way?

Start from the strategy of the bottom and move upwards

Refuse

Rethink

Reduce

Reuse

Repair

Refurbish

Remanufacture

Repurpose

Recycle

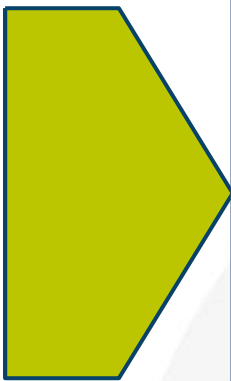
Recover

Template 2.2 9R/2



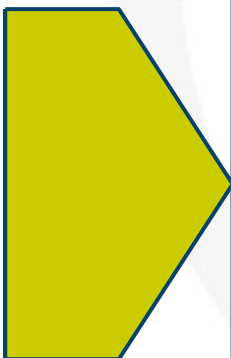
How can we make the materials useful?

Recycle



By recycling them i.e. processing to obtain same or higher quality product?

Recover



By incinerating them or putting through other processes to recover energy?

Template 2.2 9R/2



How can we extend the lifespan of products?

Reuse



By offering a product still in good condition to another consumer to use it for its original purpose?

Repair



By repairing and maintaining a defective product so it could be used with its original function?

Refurbish



By restoring it and bringing it up to date?

Remanufacture



By using the parts of discarded products in a new product with the same function?

Repurpose

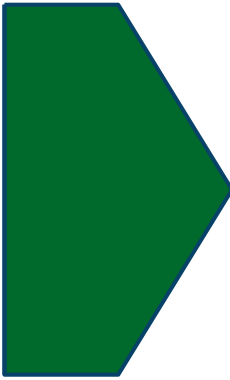


By using discarded products and/or their parts in sth new with a different function?

Template 2.2 9R/2

How can we use/manufacture the product in a smarter way?

Refuse



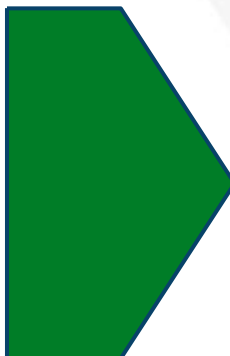
By increasing efficiency in its manufacture or by using fewer natural resources and materials?

Rethink



By making the use of the product more intensive (e.g. sharing it)?

Reduce



By increasing efficiency in its manufacture or by using fewer natural resources and materials?



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2.3 Planning changes – Step 1: Key competencies analysis template

- What key competencies does **your company** need to succeed in the CE transition?
- What is their current level?
- How/where can we look for/develop these competencies?

Template 2.3 KEY COMPETENCIES

Key competence

Why is it needed?

What is its
current
level? High,
Low or
Medium

Key competence	Why is it needed?	What is its current level? High, Low or Medium



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2.4 Planning changes – Step 2: Positive and negative consequences template

- What could be the positive and negative consequences from the planned changes?
- What could we do to make positive consequences certain and appear as early as possible?

Template 2.4 POSITIVE AND NEGATIVE CONSEQUENCES

Positive consequences	Negative consequences
<ul style="list-style-type: none">• ...• ...• ...• ...	<ul style="list-style-type: none">• ...• ...• ...• ...

Template 2.4 POSITIVE AND NEGATIVE CONSEQUENCES

Proposed actions that can make positive consequences certain and occur as early as possible:

- ...
- ...
- ...

Proposed actions that can increase the likelihood of success of the change being implemented:

- ...
- ...
- ...



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2.5 Planning changes – Step 3: Action Plan template

- What changes are you going to implement to start CE transition?
- What areas of the business do they involve?
- What are the expected results of these changes?

Template 2.5 PLANNING

CHANGES



Goal of planned change 1

Key actions	Expected results	Timeframe

People involved and their roles

Goal of planned change 2

Key actions	Expected results	Timeframe

People involved and their roles