

Introducing the circular triangle

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Circular transitioning: a multi-layer systemic transformation

Nothing stays the same. Technological, economic, social, and environmental changes are more intense and more interrelated than ever before.

How do individuals adapt their lifestyles as consumers in the new reality? What challenges do companies face in the course of the transformation of their business models in order to gain competitive advantages in re-shaping business conditions? What kinds of solutions are being developed within cities, regions, and countries? What are the characteristics of the disruption financial institutions are facing, and how can they redefine their transformative roles as indispensable supporting pillars of

economic and social dynamics? And finally, who are the leaders that can drive systemic changes towards the circular era?

The Circular Economy, a systemic concept that loops production and consumption cycles in order to regenerate, not waste, natural resources, promises significant economic, societal and environmental benefits. The economic benefit alone, according to the WEF, is estimated to represent a \$4.5

trillion GDP opportunity by 2030¹. The intention of the international community to move to a circular economy by 2030 is reflected in the UN's Sustainable Development Goals. The European Commission issued the Circular Economy Package² of regulatory measures and incentives in December 2015, having recognised the circular economy as one of the main means of improving Europe's competitiveness, as well as its social and environmental cohesion. These approaches are centred on a systemic shift in a vast range of interrelated domains, including sustainable production and consumption, economic growth, climate action, and sustainable cities and communities, to name but a few. These can all progress through the adoption of circular economy principles.

Transitioning towards a circular economy, however, requires a system-level transformation at local, national and international levels. No single government,

¹ Platform for Accelerating the Circular Economy, concept document developed in collaboration with Accenture, World Economic Forum, January 2017.

² See here for more:
http://ec.europa.eu/environment/circular-economy/index_en.htm

organisation or business can accomplish this change alone. Public and private sector stakeholders must work together towards a common “circular” vision in order to transform production, manufacturing and consumption systems and patterns through a process of joint and continuous experimentation, learning, adaptation and scaling of efforts.

This complex transitioning process sets **transformational challenges** to very different organisations: governments, municipalities and other public authorities and regulators; large corporations and small- and medium-sized companies; financial institutions such as banks or insurance companies; social enterprises and non-governmental bodies; institutions of public or private education and scientific research centres and institutes; health organisations; and religious institutions.

The circular transition, however, confronts us all: as humans, as individuals and family members, and as contributors, decision-makers and consumers in different contexts. We are all challenged to re-assess our values and preferences in terms of our

choices related to our own personal development: as consumers; as members of families or households; as professionals contributing to the success of the organisations in which we work; as citizens, voters and taxpayers; and finally, as creative and critical members of civil society, contributing to any form of its constant and

unpredictable dynamics. These challenges create a context of **cultural change**. Indeed, the circular transition, as a shift in the economic and social system, embraces all these aspects, and opens a whole new field of exploration of transformational leadership in each and every one of us.

The circular change process: a coordinated effort between three heterogeneous social fields

The Circular Change Platform is a stakeholder engagement initiative, which enables all the players taking part in the transition process to interact with each other, share knowledge and experience, and engage in shared circular endeavours. We understand the challenge of circular transitioning not only as a multi-level process, but also as a coordinated effort happening in three heterogeneous but interrelated social fields.

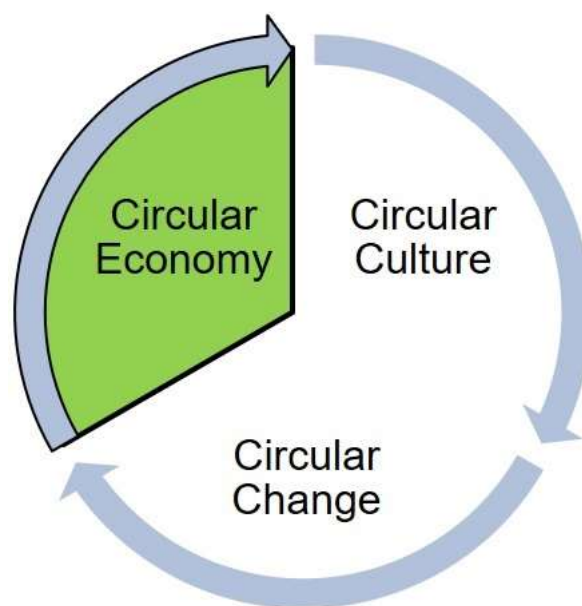
Systemic change is happening in a form of a multi-layer systemic transition, in which absolute scarcity of resources, defining

their availability, their suitability for reuse compared to primary extraction, and their relative economic value, is taken as a focal issue at both the aggregate and global levels. In such a context technological change and demographics act as key drivers of change. While demographics, relative to the absolute availability of resources, redefines the limits of human civilisation on Earth, technological progress increases the possibilities of a successful balance in the sustainability of the global ecosystem. The challenge is in the re-design and implementation of ever more efficient societal models of

production, consumption and interaction. In this transition, governing technological discontinuities, education, regulatory issues and taxation, as well as supply-side economic policies and incentives, become crucial instruments for managing

systemic change at a global level. From the perspective of this systemic change, the circular economy represents a seismic shift into a new economic and social system.

Picture 1: The three fundamental aspects of the circular transition



At the level of single organisations, circular change assumes the nature of a corporate transformation towards innovative and more sustainable circular business models. This transition takes place at the micro-level: in organisations and productive units, that is, in enterprises. A business model transformation towards

circular principles *en masse* sets large and small companies, even entire industries, on the path of challenging journeys of exploration, experimentation and continuous learning. In order to succeed, companies need to dig deeply into their purpose and must equip themselves with specific competencies before their departure. On the way they must

undertake a multi-stakeholder approach of collaboration and experimentation. Mastering these prerequisites for circular innovation will distinguish future leaders from followers.

Corporate circular transformation inevitably interacts with the needs and preferences of consumers, individuals and households. And, equally, it is tied to the values and capabilities of the employees in the organisations and in the organisations up- and downstream in the newly composed value chains.

Circular change stands for the world of collaboration and opportunities European GDP could increase by as many as 7 percentage points by 2030 (relative to “business as usual” development). The EU has granted €650 million, and opened up its Horizon 2020 fund of €24 billion, to circular economy projects. More than 170,000 jobs could be created in the EU by 2035 by implementing the circular economy. This is promising ground in which to invest our attention and resources. At the 2nd Circular Change Conference we are aiming to bring together concrete opportunities to drive circular

endeavours further in all three dimensions of the circular transition.

The individual human being is in the centre of the third fundamental aspect of the circular transition, in which every one of us participates as a bearer of labour, intellectual property and numerous other capabilities, as well as being a consumer.

We cannot imagine the circular transition being achievable without recognising and actively dealing with **cultural change**. The reinforcement of knowledge, of sustainability-related values, and of the corresponding narrative enables the development of a culture of participation and sharing, in which people strive, not to win a zero-, or even a negative-sum game, but to develop abilities to collaborate and contribute to new value creation.

As the circular triangle in Picture 1 suggests, the circular transition entails **three fundamental aspects of change: systemic, organisational and cultural**³.

³ Concept and scheme is the intellectual property of Gm, Circular Change.

The qualities of collaboration, experimentation and learning: phenomena of circular culture

In our efforts to sustain circular transition at all levels, we aim to present these three aspects of the circular transition. We explore the **systemic approach** by tapping into the circular economy framework at the local, urban, regional and international levels. We examine the phenomenon of **collaboration** in the context of circular business models, and we engage with **the new narrative** through the lessons of case studies, together with the most

accomplished circular pioneers. Last but not least, we discuss the effects and opportunities deriving from the ongoing disruption of conventional business schemes, envisioning new roles for all the participants in this compelling transition process.

The ability to master the qualities of collaboration, experimentation and learning will define the leaders of this historic trajectory. Are you with us?