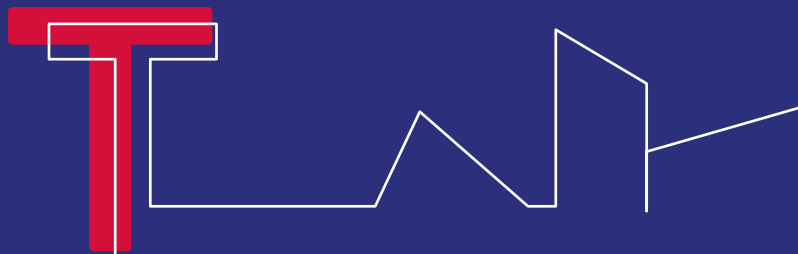


Circular Business Compass

T-Lab5



Circular Business Compass

About the Compass



Define a basic business model for circular economy initiatives

The Circular Business Compass is a **multi-step guide that aims to support the development of basic business models for the creation of new circular economy initiatives and the enhancement of existing ones**. The goal of the Compass is not to develop a detailed business plan but rather to identify and define critical aspects of it.

The Compass is based on basic principles of the Circular and the Collaborative Economy. Thus, the focus of the Compass is not on the profit but rather on generating (any form of) value while minimising environmental, ecological and social costs. It is for this reason the Compass can also be used for non-profit initiatives.

The Compass has been designed with a simple logic and language to make it accessible for anyone willing to start a circular economy initiative or enhance an existing one. This includes individuals, civil society groups, companies and local governments. The Compass can either be used to structure a workshop to guide multiple actors or as an internal activity, following the steps by yourself or with your team.

What it is: A tool to develop/enhance basic business models for circular economy initiatives.

Who is it for: Anyone or any entity willing to start or enhance a circular economy initiative.

Why using it: To identify and define critical aspects for a business plan.

How to use it: It can either be to structure a workshop to guide multiple actors in the development / enhancement of a local circular economy ecosystem or as an internal activity, following the steps by yourself or with your team.



Circular Business Compass

The Circular Economy Spectrum



Define a basic business model for circular economy initiatives

This compass is structured around the “**Circular Economy Spectrum**”, a model developed by UAL that outlines a series of circular economy activities that a discarded item could go through to earn a new life. This model has been created to support the creation, or the enhancement, of a circular economy ecosystem in a particular location. More specifically, the “Circular Economy Spectrum” guided a workshop where students, residents and other key stakeholders collectively identified opportunities to enhance the circular economy ecosystem in Euston, London.

Since the ultimate goal of the compass is to give a new life to discarded items, the “Circular Economy Spectrum” has been structured based on the following principles:

- Prioritising the most resource efficient manner to give a new life to discarded items
- Creating livelihood opportunities when resources must be invested to give a new life to discarded items
- Letting go to make room for useful goods

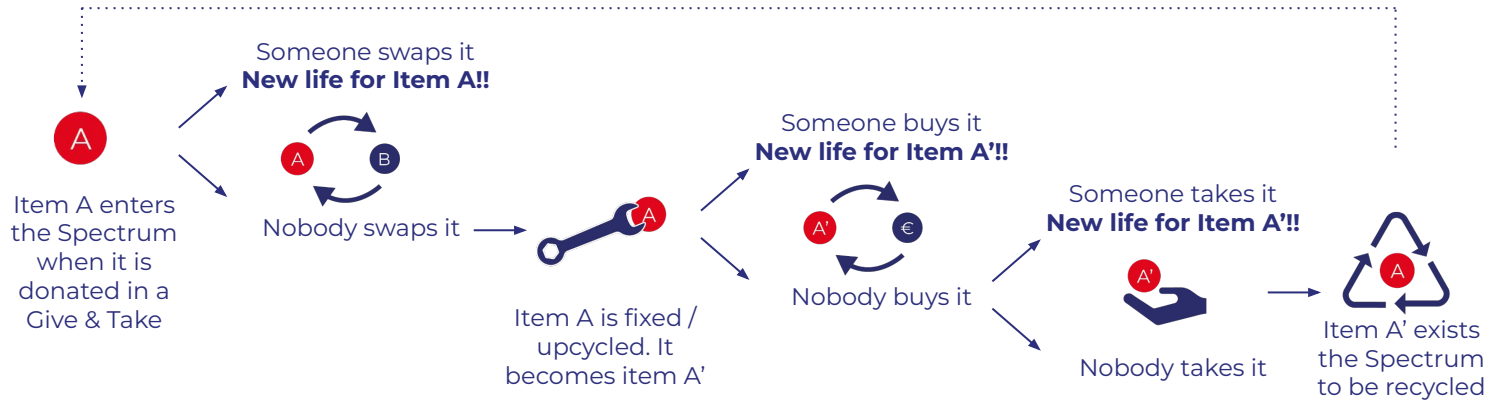


Circular Business Compass

The Circular Economy Spectrum



Define a basic business model for circular economy initiatives



Item A is donated by someone who is not interested in having it anymore. At this point, item A enters the “Circular Spectrum”. The first and most efficient option for item A is to be acquired as it is by someone else who is interested in it. This can be done through a swap. If nobody is interested in item A can be upcycled to become a higher value item or, if it was damaged, it can be fixed. Item A then turns into item A'. Item A' can be sold, generating economic benefits to compensate for the fixing / upcycling efforts. If item A' can not be sold, it can be given away at no cost. If nobody is willing to acquire fixed item A / item A', then it must exit the “Circular Spectrum” and be disposed to be recycled.



Circular Business Compass

The Circular Economy Spectrum



Define a basic business model for circular economy initiatives

Swap

The most basic form of circular economy is the basic exchange of unwanted items. This exchange can be reciprocal, where two people exchange with each other items that they are not interested in anymore for something that the other person has that they do want. Non-reciprocal swaps are those where there is no direct exchange of items between two people but rather all unwanted items are collected into a “pool of items” where people can pick from. In these cases, those who donate unwanted items do not necessarily collect other items but rather use this service to get rid of stuff they do not want anymore. Inversely, it is often not compulsory in non-reciprocal swaps to donate anything in order to collect stuff from the swap. Non-reciprocal swaps are slightly more sophisticated and require a higher level of organisation than reciprocal swaps.

Fix / Make

Unwanted items can be fixed or upcycled. If they are damaged but hold potential for re-use, the most resource efficient option is to fix them. If they do not hold potential for re-use in their current form, they can be upcycled to become a higher value item. This activity requires a certain level of resources (space, time, tools, materials, etc.) and skills and it implies the risk of spending resources into fixing / upcycling something that may not generate an interest later on.

Sell

Fixed and upcycled items can be sold to make up for the resources invested in fixing or upcycling them.

Give

In order to make space for new items, those that have been on sale for a long time but have not been bought can be donated to individuals or organisations that will make use of them but can not afford its cost.

Recycle

Items that are not acquired through a swap, sale or donation will eventually be disposed of at the appropriate recycling facility, exiting the Circular Economy Spectrum.

See examples of initiatives covering these activities [here](#).



Circular Business Compass

Steps



Define a basic business model for circular economy initiatives

Step 1 - What is your circular initiative about?

Start by describing some basic aspects of your circular economy initiatives.

- What items are you focusing on? (E.g. food, clothes, furniture, etc.)
- What do you plan to do with these items?
- Who are your potential customers / users / beneficiaries?
- Whom will you get your raw materials from?
- What resources and skills do you already have and what do you need to get? (E.g. space, tools, website/social media with followers, etc.)

Step 2 - Where is it in the Circular Business Spectrum?

Identify which of the circular economy activities in the Circular Economy Spectrum you want to start or are already carrying out. This may imply just one activity or multiple ones.

Step 3 - Who do you need for it to succeed?

Place in the Circular Economy Spectrum actors / initiatives in your immediate environment that could become collaborators your initiative to succeed.

- Who are the actors around you that are related to your initiative?
- What role can they play in your initiative?
- Which of them are the most important for it to succeed?
- What is your current relationship with them? Do you need to create / strengthen this relationship?

Template and example

Upcycling and/or fixing old furniture to sell it to local households. We have a space that can be used as a workshop, storage and sell point. We need old furniture, vehicle to transport them, tools, skills nor access to potential customers.



Circular Business Compass

Steps

Define a basic business model for circular economy initiatives



Step 4 - What do I need to take into account for it to succeed?

	SWAP	FIX / MAKE	SELL	GIVE	RECYCLE
Location	<ul style="list-style-type: none"> - Space for donations - Space for collection - Space for storage (if on-going) 	<ul style="list-style-type: none"> - Workshop space - Storage space 	<ul style="list-style-type: none"> - Display space (digital?) - Selling space (digital?) - Storage space 	<ul style="list-style-type: none"> - Display space (digital?) - "Giving" space (digital?) - Storage space 	<ul style="list-style-type: none"> - Recycling facility - Storage space
Compensation / benefits distribution	<ul style="list-style-type: none"> - Will you make profit from this? If so, how? - Are donations compensated? - Who is allowed to take items? - Do you need "a currency" to manage the swap? 	<ul style="list-style-type: none"> - Selling your items vs have someone else sell them? - If someone else sells, how to split profits with them? - Cooperative vs "conventional" firm? - If a cooperative: Do members pay to use the workshop? Do they pay per hours? Do they get the same workshop time? Does each work on their own thing or do they work together? What to do with made/fix items? 	<ul style="list-style-type: none"> - Cooperative vs "conventional" firm? - If a cooperative: Membership quota? How to split profits? Do they get the same "selling time"? Does everyone sell "everything" or are items allocated to different members? How are they allocated? Do they get paid based on individual or general sales? 	<ul style="list-style-type: none"> - Will you make profit from this? If so, how? 	<ul style="list-style-type: none"> - Cooperative vs "conventional" firm? - If a cooperative: Do members pay to use the facility? Do they pay per hours? Do they get the same workshop time?
Other	<ul style="list-style-type: none"> - How do items get to the Give & Take facility? - How to ensure that - Events vs on-going? - Direct vs indirect swap? - What to do with items that nobody takes? 	<ul style="list-style-type: none"> - Where/whom to get your items/materials from? - How to know what is worth fixing and what not? 	<ul style="list-style-type: none"> - Where/whom to get your items/materials from? - How to attract clients? - What to do with unsold items? 	<ul style="list-style-type: none"> - How to find people that may be interested? - How to reach them? - What to do with items that nobody takes? 	<ul style="list-style-type: none"> - Where/whom to get your items/materials from? - How to reach potential buyers?



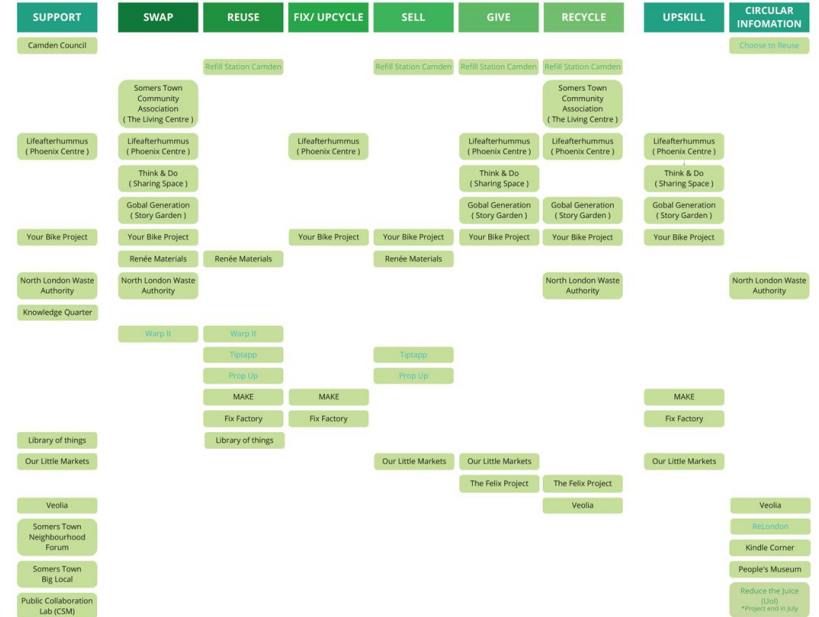
Circular Business Compass

Steps

Define a basic business model for circular economy initiatives



The steps of the Circular Business Compass guided and is informed by the Circular Economy Workshop took place in **Sommers Town (Euston, London)** on May 2023. In this workshop, students from Central Saint Martins University of Arts London, local authorities, residents associations, local businesses and existing circular economy initiatives collectively designed circular business models.



Example of the mapping of local circular economy initiatives in Sommers Town, London. In this Circular Economy Spectrum three more activities were added: Support, Upskill and Circular Information.

