

Is a circular economy approach right for your business?

The circular economy is transforming how companies think about resources, waste and business models. It is based on the principles of eliminating waste, circulating products and materials and regenerating natural systems.

A circular economic model represents a shift away from the traditional linear 'take, make, waste' model, which relies on large quantities of cheap, easily accessible materials and energy. Instead, a circular system aims to decouple economic growth from finite resource consumption.

There are many ways architects and related businesses can transition to a more *circular model*, including: working with more *durable designs*, reusing and refurbishing existing materials as well as a commitment to recycling goods, materials and products. Businesses will be aware of renewable energy options, resource recovery and innovative service offerings. The goal is to maximise product and material utilisation, extend lifespans and extract value at every point.

For companies willing to rethink products, processes and partnerships, and be mindful of their growing trend towards conscious consumerism, the circular economy unlocks new opportunities for efficiency, sustainability and competitive advantage. While the transition can be challenging, the long-term benefits are substantial.

Reducing risks and costs through circular approaches

Transitioning to a circular economy model can significantly reduce risks and costs for businesses in several key ways:

Reuse, Repair and Refurbishment Cut Costs – Reusing components, repairing products and refurbishing goods for resale allows companies to extract more value from materials and assets. This reduces the need for new raw material inputs, lowering materials costs. Refurbishment also enables selling into new secondary markets. Outdoor gear company Patagonia has operated a robust repair program for decades.

Recycling and Upcycling Create Value From Waste – Recapturing materials at end-of-life through recycling, or upcycling waste into higher value products, decreases waste disposal costs. It also provides a cost-advantaged source of secondary inputs.

Mitigating Supply Chain Risks – Circular approaches like reuse and recycling make supply chains more resilient by decreasing dependence on virgin natural resources. This insulates companies from price shocks or supply disruptions.

Future-Proofing Against Regulation – Proactive sustainability helps future-proof businesses against potential carbon taxes, extended producer responsibility laws, or bans on certain hazardous materials. For example, IKEA is moving towards only recycled or renewable-based plastic in its products by 2030.

Read also

[Will the circular economy steal my job?](#)

Recognising that consumers' buying

habits are changing

Transitioning to a circular economy model can be a powerful way for businesses to enhance their reputation and build stronger customer relationships. With public concern rising over environmental and social issues, adopting sustainable practices helps meet consumer demand for ethical brands. By proactively communicating sustainability initiatives, businesses can boost brand trust and loyalty among today's eco-conscious consumers.

As Matt Barker, *Founder and CEO of MPB*, observed, "Given increasing environmental concerns around overconsumption, alongside the rising pressure on household income, it's unsurprising that many of us are looking for alternatives to simply buying new, and it's brilliant to see that the perceived stigma around gifting and purchasing used items is declining."

Beyond customers, bringing circular principles to your supply chain also demonstrates a commitment to larger global goals around resource use and labour practices. Collaborating with vendors and suppliers on issues like circular agriculture and ethical working conditions shows shared values across your business ecosystem.

Circular services like product-as-a-service leasing, rentals and take-back programs also foster closer customer relationships. These offerings provide regular touchpoints between company and consumer, creating a sense of community and encouraging reuse and retention. This loyalty can be invaluable in an increasingly competitive marketplace.

Innovating products and lifespan-expanding services

The circular economy opens up exciting opportunities for companies to innovate their offerings in impactful ways. By designing products and services to maximise lifespan and utilisation, businesses can find new value in underused assets.

For example, creative design and business model choices allow *products to be reused*, remanufactured, shared or continuously upgraded instead of discarded. Exploring novel offerings like product-service systems, rentals, resale and take-back programmes can generate competitive differentiation and new revenue streams.

These innovations also unlock savings and sustainability benefits. Durability, modularity and recyclability allow assets to circulate in loops rather than be

tossed in landfills. Waste from one process can become feedstock for creating new products and materials.

Transitioning to circular systems inspires new ways of thinking about resources, capabilities and customer needs. It pushes companies to stretch their creativity and find unexpected solutions. In the process, they strengthen resilience, reduce costs and provide society with much-needed alternatives to our wasteful linear economy.

The circular economy empowers businesses to become innovators and disruptors. By bravely moving beyond business-as-usual, companies can develop truly differentiated and impactful products, services and processes. This sparks a virtuous cycle – circularity enabling innovation enabling competitiveness and leadership.

Realising revenue and profit through circularity

The circular economy opens up innovative ways for companies to boost revenues and profitability through creative use of underutilised assets and capabilities.

Rather than automatically discarding waste and by-products, circular thinking sees these streams as potential inputs for creating valuable new products, materials, or services. With the right design and marketing, trash can be turned into cash by unlocking hidden value.

Expanding offerings like repairs, maintenance, upgrades and remanufacturing also provide new income streams while prolonging existing product lifespans. These services may require additional tools, replacement parts or consumables that can drive incremental sales.

Remanufactured and refurbished goods present an opportunity to target new demographics and geographies at more accessible price points. By selling quality products to markets that couldn't otherwise afford them, businesses can dramatically expand their addressable market.

Winning circular models: a draw for skilled employees

Transitioning to a circular economy model can be a powerful talent magnet for businesses. With increasing focus on ethics and sustainability among younger

demographics, circularity helps attract and retain sought-after employees.

Studies show that purpose is a top factor in the modern workforce. For example, a report by PricewaterhouseCoopers, suggests 88% of millennials will only want to work for companies with values they share. Companies with an authentic brand purpose tied to environmentalism often become talent destinations. Adopting circular practices signals commitment to larger societal goals that resonate across generations.

On the retention side, integrating sustainability across operations shows employees that their values are shared by the company. This drives engagement and satisfaction. There are also opportunities to incorporate circular economy education into corporate training and leadership development programs. This builds critical knowledge while empowering employees to participate in green initiatives.

Is it time to adopt circularity in your business?

The circular economy offers numerous benefits that strengthen and future-proof businesses, from cost savings to innovation to talent acquisition. By taking a holistic, systems-thinking approach, companies can redesign processes, products, and partnerships to eliminate waste and protect resources. While the transition requires effort, a circular model allows organisations to meet sustainability goals while gaining durability, agility and competitive advantage.

Dakota Murphey is a freelance writer based in the UK. She has more than 15 years' experience creating engaging and original content for a number of authoritative sites. Dakota covers topics ranging from sustainability, travel and photography to business development, digital marketing and cybersecurity/AI.