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UK Research
and Innovation



TFIN+ Christmas Conference

Circular business model innovation in the UK cement, glass, and ceramics industries

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- **Forum for enhancing effectiveness of circular business models for UK Foundation Industries.**
- **Knowledge exchange network for sharing circular practices in UK Foundation Industries.**
- **Circular business model innovation**
 - **Opening up strategy making**
 - **Developing shared value propositions**

Strategies tend to become very similar

- Traditional strategy making tends to restrict strategic discussions to a small group of senior executives
 - Similar strategic thinking *within* organisations
 - Similar strategic thinking *across* organisations
 - Organisations are subject to similar environmental conditions, government regulations, social expectations, imitation etc.
- BUT good strategy is about being DIFFERENT. In reality, this is very difficult.



**CIRCULAR STRATEGIES REQUIRE THINKING
DIFFERENTLY...**

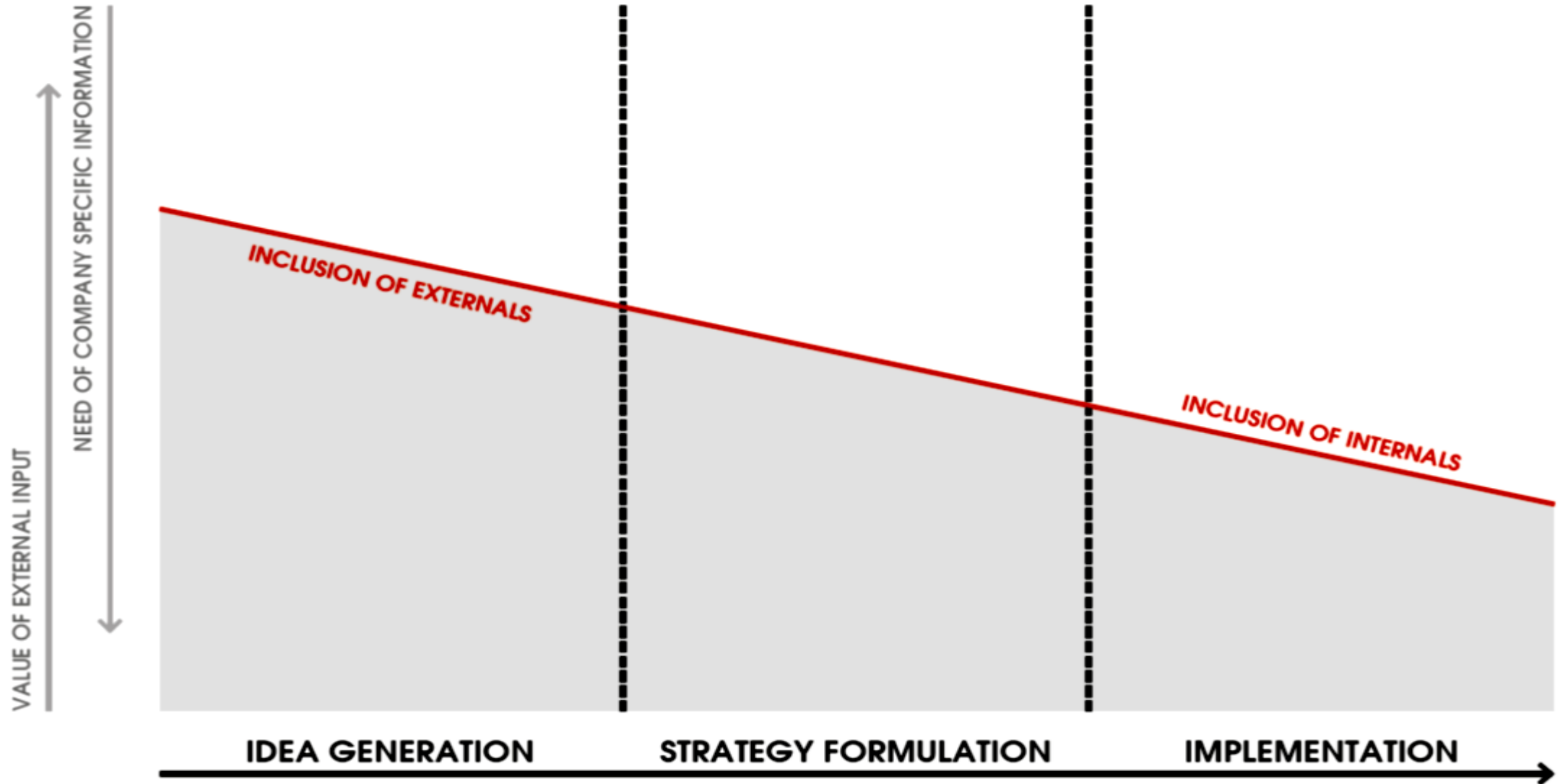
Circular thinking usually requires higher levels of innovation and collaboration

OPENING UP STRATEGY MAKING...

- Diversify who helps create the strategies – often going outside the exec suite
- Those with atypical career paths can bring networks beneficial for the organisation as they connect groups and help remove silos
- Diverse collaborations outperform homogenous - eg. Gompes and Kovvali Harvard study, 2018; McKinsey study, 2015.
- High level of ‘unscripted’ decision making, dealing with unpredictable circumstances, improvisation...more jazz musician than classical composer
- 2017 study by Babson College with Institute of Corporate Productivity found high-performing companies to be 5 times more likely to promote collaborative working than their peers
- Helps avoid the ‘status-quo trap’ – a bias to perpetuate strategies that already exist



How do you open up your strategy to circularity? When will you involve externals and internals?



Questions discussed with our participants

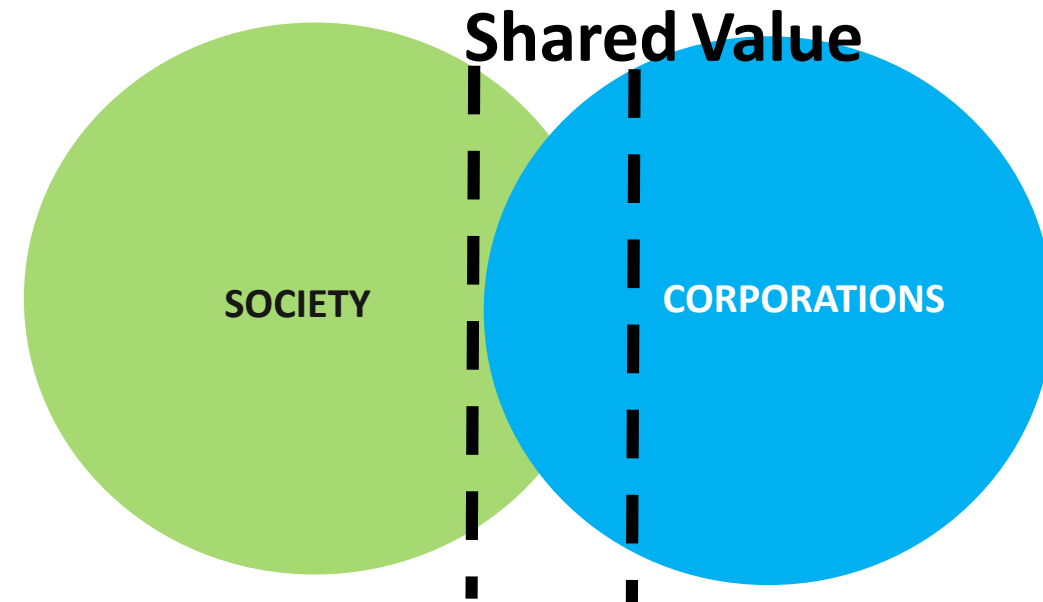
- How broad should you open up your circular strategy dialogue?
- Should you include internal or external contributors?
- Small or large groups?
- Should you carefully identify and select contributors or have an open invite?

What is Shared Value?

“[It] is **not** social responsibility, philanthropy or sustainability ...

[Instead], its a **new way** for companies to achieve **economic success.**”

- ✓ Positive impact for beneficiaries
- ✓ Positive returns for the business



Source: Porter and Kramer (2011)

How to Create Shared Value?

1. Reconceiving products and customers

- Design products and services to meeting **societal needs**
- Open new markets by serving unmet needs in **underserved** communities

Example: REPAIR CARE International Ltd

It takes a responsible approach to the society and environment through products and services that avoid the replacement of timber in construction.

The gain in CO2 emission reductions can be as high as 90% or more.



How to Create Shared Value?

2. Redefining productivity in the value chain

- Making better use of resources, energy, suppliers, logistics
- Working with employees and business partners differently and effectively

Example: Forterra Building Products Ltd

- A leading UK manufacturer of essential clay and concrete building products with 1,800 employees at 17 manufacturing sites in the UK
- Successfully completed the first firing of bricks partially fuelled by hydrogen
- A member of the 5% club



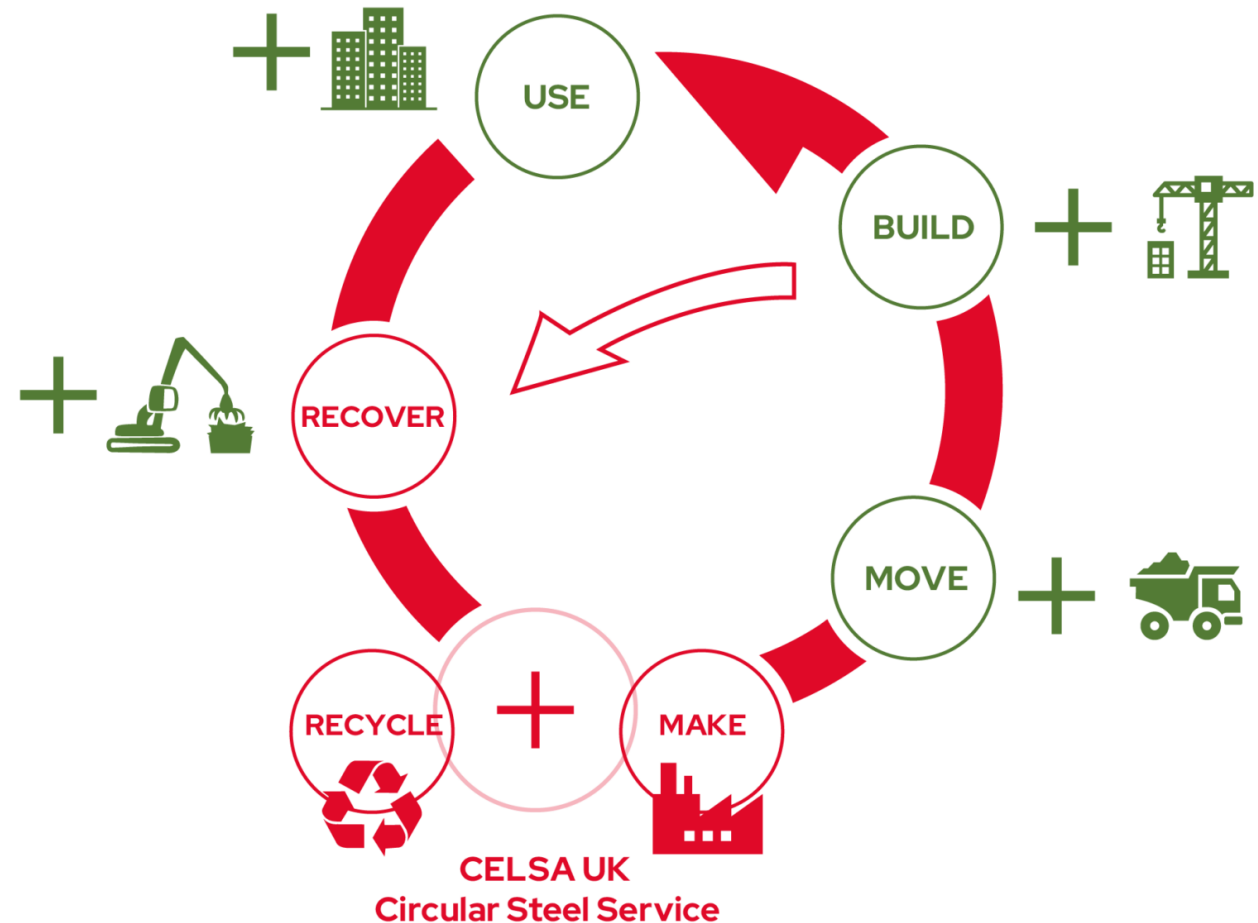
How to Create Shared Value?

3. Improving the local and regional business environment

- Improving the **skills, supplier base, regulatory environment, and supporting institutions** in the communities where a company operates to boost productivity, innovation and growth
- Strengthening the **cluster** on which the company depends

Example: CELSA Steel UK

A member of South Wales Industrial Cluster



Developing Shared Value Propositions

STEP 1: Identify risks (company)

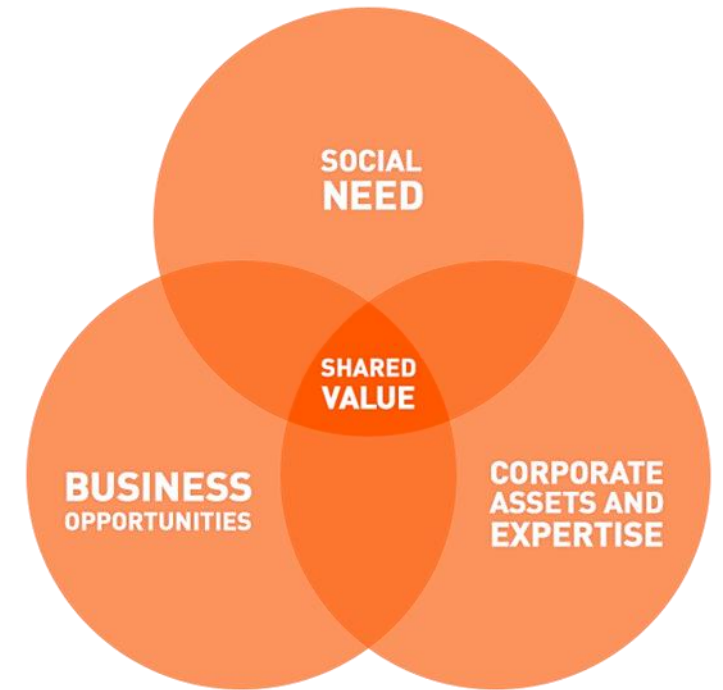
STEP 2: Identify/validate stakeholder needs

Stakeholder mapping, review priorities with stakeholders

STEP 3: Develop shared value proposition

Match company issues/social investment strategy to stakeholder priorities

Use phased 'fit for purpose' approach



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раxмат
danke 謝謝

teşekkür ederim

tapadh leat

Баярлалаа

спасибо

faafetai lava

thank you

dank je

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terima kasih

감사합니다

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