Customer demand increasingly requires digital and sustainable solutions; economists are reacting to adverse environmental changes in order to counteract these changes. New legislations and guidelines are regularly being introduced by politicians on a national, European and global level. On top of this, competitive pressure on the market is rising. This must be countered with organizational innovativeness. Such game changing aspects cause several challenges for organizations which they must overcome continuously. We believe a transition towards circularity can be a solution for a variety of organizations in these regards.

The Circular Economy concept implies an approach which enables organizations to tackle several environmental burdens while running a business profitably. Based on the idea of redefining growth, decoupling economic activities from the consumption of limited resources and raw materials is key. Central to this idea is the concept of closing the loop by reducing waste within the system and using a product's end of life output further as another input within the cycle.

We have developed a ‘Circular Maturity Model’ in order to collect and cluster information into a metric thereby being able to spot the levels an organization can be located at when becoming circular.

This model includes and supplements Porter’s Value Chain Model and defines six circularity maturity levels which can be reached. Furthermore, several options to get from one level to the next are presented. To assess an individual's status quo, we developed a self-assessment tool fitting for any kind of organization. Get a glimpse by doing our Circular Maturity Quick Check here.

Our goal is to support you and your organization towards the understanding of leading different business activity areas towards a Circular Economy thus gaining insights on how to better leverage circularity. Based on a three-step approach, we offer a focused roadmap to position your organization as a circular leader in the market. First, we aim to understand your key opportunities, subsequently we develop an agile Circular Economy strategy with you and your company before finally implementing the circularity strategy. By finding the most advantageous economic and ecological solutions, we help your company reach a higher circular maturity level, which can further lead to great symbioses within your ecosystem (e.g., with partners and suppliers).

Curious to assess your maturity level and get to know where to start? Get in touch! Book an appointment with one of our CE experts.
Due to major changes in today's environment, organizations across all sectors are exposed to a disruptive storm globally. Crucial challenges such as climate change, limited resources, shifting customer needs as well as legislative but also behavioural changes of market players make a rethinking of existing patterns necessary. In the coming years, we will face major changes across all aspects of business:

- **Customer demand** is shifting towards digital and sustainable products and services. To meet these demands, organizations must rethink the way they produce and deliver their products and services.

- **Regulators** are putting stricter regulations in place that mandate sustainable principles and practices. Organizations are forced to rethink their entire value chain from sourcing, through the supply chain, to the final sale to the end user and beyond.

- **Investors** are considering sustainability metrics as key part of their investment decisions. Stock listed organizations or those seeking financing need to showcase that they can produce their products and provide services in a sustainable manner.

- **New competition** enabled by rapidly evolving technology emerges at an increasing pace. Thus, an accelerated adoption of new technologies, operating and business models becomes indispensable to address competitive pressures and close potential openings for new players.

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**Figure 1 - The disruptive storm of circularity**

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The Circular Maturity Model
CIRCULAR ECONOMY AS AN ANSWER

The European Commission and national governments regard Circular Economy as the concept on which to build a future-proof and resilient economy while tackling crucial challenges such as climate change, resource scarcity and environmental pollution. European Commission President Ursula von der Leyen emphasises that despite or because of the Corona crisis:

“We will also have to realise that business as usual is no more. We will need to ‘bounce forward’ not ‘bounce back’. And we will need to build a resilient, green and digital Europe.”

What is Circular Economy (CE)? Circular Economy is an economic concept building off different schools of thought such as Industrial Ecology, Cradle to Cradle, Blue Economy and Biomimicry developed by the Ellen MacArthur Foundation together with McKinsey. It aims to decouple economic activities from the consumption of finite resources and to design waste out of the system. Thus, ‘biological’ and ‘technical’ material cycles are kept apart, but the value of the invested resources are maintained through various strategies such as maintenance and repair, reuse, reprocessing and recycling to close the loop (see illustration below).

Figure 2 - The loops of Circular Economy

1 This can be seen in the latest examples of the European Green Deal (2019), A new Circular Economy Action Plan for Europe (2020) or the German High-Tech Strategy 2025 (2018).
However, such changes incur costs; for example, through upskilling your staff or investing in R&D. Nevertheless, this is a crucial path that can help companies achieve a decisive competitive advantage² and save net resource expenditures³ by:

- staying ahead of legislation,
- capturing more value from materials and resources,
- Anticipating and satisfying changing customer needs and expectations,
- enhancing one's reputation as an innovative organization,
- staying attractive to investors, and
- remaining resistant to upcoming crises.

**How to start:** Going circular entails a change in strategy, design and operations which can be overwhelming at the beginning. That’s why we developed a ‘Circular Maturity Model’, which supports organizations in their transition from linear to circular business practices. The main areas to be considered are the products and services, operations and the business model.

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³Save net resource expenditures, e.g. through measures as waste prevention, eco-design and reuse, which could save EU companies potentially 600 billion Euros annually by 2030. (Ellen McArthur Foundation, 2015: Growth within – A circular Economy vision for a competitive Europe.)
WHAT IS THE CIRCULAR MATURITY MODEL?

Generally, a maturity model is a qualitative metric which assesses and guides best practices in organizational maturity and process capability. It helps in identifying an organization's capability to achieve continuous improvement. This is done by evaluating and measuring the maturity of processes within an organisation with respect to a certain topic and describing efficient and proven ways of doing business.

The Circular Maturity Model is designed to constantly test and improve all your primary (e.g. operations) and secondary activities (e.g. strategy) regarding circularity as well as to provide a set of ‘best practices’.

As in general, the same applies to the Circular Economy: Mature processes are well-defined, repeatable, measured, analysed, improved, and effective. Overall, mature processes will help organizations:

- get better value out of their efforts and operations,
- save time and money,
- make their employees jobs easier and more pleasant,
- deliver higher quality products and services,
- enhance customer satisfaction,
- support accurate and defensible forecasts,
- support meeting costs and scheduled targets, and
- increase their reputation.

We have developed the ‘Circular Maturity Model’ based on our experience, empirical data retrieved by expert interviews and research. Our model is based on the classic maturity level definition as well as Porter’s Value Chain Model. Additionally, we have added ‘Network Management’ as an additional activity to collect and cluster the information into a metric. As a result, the maturity level for ‘each’ activity can be defined. Based on this, in order to achieve a higher level, we came up with a set of questions and answers to understand a company's current state within each activity and action. Our self-assessment tool can be used to gain personalised insights.
THE CIRCULAR MATURITY LEVELS

Level 0 - Inactive: The organization has a lack of awareness, strategic interest or ongoing activities addressing Circular Economy. Circular Economy knowledge and know-how is missing within the organization. Legal requirements in that field are just partially fulfilled.

Level 1 - Reactive: Single activities are spontaneously adapted towards circularity reacting to external impulses (e.g. legal requirements or customer demand). However, the strategy has hardly any or no links to the Circular Economy; activities are isolated and not aligned and insights and efforts are not communicated internally or externally. The organisation complies with minimum legal requirements.

Level 2 - Active: Circular Economy is mentioned in overall organization’s strategy and an implementation plan is available. Furthermore, circularity goals are set, and employees are aware of their organization’s Circular Economy. Activities focus on cost-cutting exercises (e.g. material reduction) and products and services are gradually improved. The organization takes part in external activities to understand stakeholders, learn and share information. Legal requirements are fulfilled.

Level 3 - Established: Circular Economy is integrated in the strategy and processes, which is actively supported by management. All solutions (product, services, and business models) are designed according to Circular Economy principles. Insights and efforts are communicated internally and externally. In addition, functional cooperation with other partners along the value chain drives circular solutions. The legal requirements are met, and stricter guidelines are enforced voluntary.

Figure 4 - Summarized maturity level definition across the business activities
THE CIRCULAR MATURITY LEVELS

Level 4 - Directed: Circularity is embedded in organization's purpose. The overall Circular Economy strategy is broken down to quantitative objectives for the sustainability performance of processes and used as criteria in the managing processes. Processes are continuously improved through internal collaboration across departments/functions and external collaboration across the value circle network. Success to achieve targets is reported towards stakeholders and partners. The organization is sometimes engaging and upskills employees regarding the Circular Economy, within and beyond the direct scope of their own business. The organization goes beyond the legal requirements and anticipates possible future legislative changes.

Level 5 - Proactive: Organization takes a role as forerunner and drives the Circular Economy forward by actively engaging with sectorial organizations, cross-industrial activities and policy makers. The organization focuses on maximising ecosystem symbiosis and human well-being. The Circular Economy ecosystem is collaboratively advanced with partners and stakeholders based on a quantitative understanding of the causality and interdependencies of existing processes. The organization engages and upskills people regarding within and beyond the direct scope of their own business. Legal requirements are surpassed, and any subsequent legal changes are anticipated.
How to Level Up

Once a level is identified, hotspots can be detected and ways to improve performance can be determined. First ideas and measures to level up are described in the following:

1. **Awareness and expertise**: The understanding of circularity must be made aware within management in addition to other departments, e.g., through in-house or external events. Subsequently, external expertise is brought in to evaluate the status quo and identify circular business opportunities.

2. **Integrated strategy**: Circularity integrating vision, strategy and objectives can be developed and planned to be implemented for the various functions and operations.

3. **Communication and training**: Every role in the organization needs to be informed about respective tasks and trained accordingly.

4. **Cross-functionality and partnerships**: Forming cross-functional teams to redesign value creation patterns and build circular product service systems. Those include strategic partnerships for Circular Economy services (e.g., repair and maintenance) and (digital) infrastructure for information exchange between partners but also to enable circular business models, e.g., in order to claim pay-per-service fees. Insights and progress must be shared internally but also with the value circle partners.

Figure 5 - The trajectory to get from one level to the next

*The Circular Maturity Model*
5. **Circular design**: All physical products must be circularly designed (i.a. long-lasting, upgradeable, repairable), and business models focussed on retaining the product value. The environmental impact of operations (i.a. logistics, manufacturing) must be reduced, material cycles closed, and waste avoided. The final state treats everything as a resource.

6. **Engagement beyond organizational borders**: In order to take a forerunner role, an organization’s own ecosystem must collaborate with partners to achieve full circularity of materials. Needs and requests from customers and stakeholders are considered. Services ‘nudge’ customers to behave sufficiently. Besides this, engagement in cross-industry activities plays an important role, such as industrial symbiosis, actively lobbying for circular policies, open-source know-how and assets.

**WHO CAN USE THE MODEL AND WHAT’S IN FOR YOU?**

Basically, anyone within an organization can use the model. The model serves to understand the status quo and the progress of an organisation within the different business areas, particularly for those who aspire to become circular. It provides information about possible applications of circularity and its main aspects and principles. Furthermore, it helps identify possible deficits, opportunities and best practices.

To assess the maturity of your organization on a high level we provide you with the Taival Circular Self-Assessment. It is applicable for any kind of organization and subdivided into four sections (Organizational Structure & Strategy, Procurement & Operations, Innovation & R&D, Marketing & Sales), which ideally are answered by the relevant experts.

As an intuitive tool, it assists in identifying an organization’s circular maturity, measures the current level and spots fields and activities to be improved on. After completion, one will receive a personal maturity level assessment. Together in a set of workshops, Taival will develop customized corresponding measures and individual recommendations.

The assessment tool represents a starting point. Together we will support organizations in the creation of a Circular Economy roadmap by identifying hotspots and delivering opportunities for further development.

Get a glimpse by doing our [Circular Maturity Quick Check here](#).

To take the full assessment, [book an appointment](#) with one of our CE experts.
OUR APPROACH TO CIRCULARITY

The topic of sustainability keeps many organizations on their toes. Due to its inherent complexity, it is often not tangible, and the weaknesses are not clearly apparent. We help to specify main deficits and to overcome obstacles. In doing so, Taival grasps directly to the core of circularity and considers Circular Economy as part of the big picture.

Circular Economy is an economic approach to contribute to a sustainable development on the organizational level. Notably, digital circular solutions bear the potential to counteract global and organizational problems.

A three-phased approach will deliver a focused path towards positioning you as a leader in being a circular organization.

**Phase 1** focuses on understanding the key opportunities to shift towards a circular world as well as the required changes to one's business activities. In this phase, we can already help increase staff awareness of the opportunities and upskill employees.

**Phase 2** focuses on developing an agile Circular Economy strategy, which identifies and captures the emerging opportunities made possible by the development of technologies, data and environmental innovations. This also includes the development of an implementation plan in order to realize the opportunities identified in phase 1 and an internal and external communication of an organization's strategy and goals. Furthermore, we will help one understand how the changing requirements and emerging trends will constantly challenge linear business models. We help create a value proposition which also targets the needs of the planet and stakeholders and an appropriate circular business model.

**Phase 3** focuses on implementing the CE strategy. This includes developing a business architecture that supports one's strategic goals with the right business capabilities and technology, implementing a clear operating model guided by your CE strategy, redesigning (digital) products and services, form partnerships, invest in R&D, as well as develop the (digital) infrastructure required to measure KPIs, enable services and exchange information within the circular ecosystem.
Although, the diagram shows a linear approach, it will be an iterative process in which you start with addressing “low hanging” opportunities and redesigning existing products, services and business models, measure your success and learn from the insights gathered and proceeded along one’s individual trajectory to become a proactive circular champion.

Use your abilities! Various organizations can create solutions to key challenges such as climate change, biodiversity loss and water scarcity but also by simply considering some key principles in their actions already. Your organization has the power to make the world a better place by incorporating Circular Economy principles! Use your abilities to save both money and environmental burden while gaining a competitive advantage, improved reputation as well as close relationship with your customers, partners and suppliers.

Let us assist you with our expertise and strength, so that you can reach your goals faster, successfully with more certainty!

Book an appointment with one of our CE experts, Find us also at http://taival.com/.
About Taival

Taival is a strategy co-creation agency. We help business leaders create strategies fit for the volatile digital world.

We use our StratOps approach to co-create and co-execute winning strategies with the help of digital, ecosystem and circular economy enablers.

We operate with a strong focus on leveraging the power of ecosystems which means that we are cooperating frequently with partners across our projects either as point experts or in delivering solutions to our clients.

We have offices in Finland and Germany (Berlin).