

working with **ambitious mindsets**



Fusion Observatory Report: February 2014
**The Circular Economy and Europe's Small
and Medium sized businesses**



embedding low carbon thinking
through the life of a business

The Fusion Observatory : The Circular Economy

Embedding low carbon thinking through the life of a business

FUSION's ambition is to increase business growth in the project area whilst reducing environmental impact, by promoting an eco-innovative mindset in SMEs and start up entrepreneurs. The overall objective of FUSION is to support the long term growth of start ups and SMEs, and to reflect on the business models and support needs at every phase of company development, to engender sustainable businesses.

Through the **FUSION Observatory**, the project will channel exchanges of practical information and ideas on the circular economy and low carbon funding. This dialogue will be between policy makers (local, national and European) and entrepreneurs to shape the regional policies post 2014.

The project team will issue a range of practical tools that small businesses and would be entrepreneurs require now to help them grow, but will also require in the next 10/15 years.

For more information on the FUSION project go to www.bsk-cic.co.uk/fusion

To subscribe to the FUSION Observatory Blog go to www.bsk-cic.co.uk/fusion-observatory

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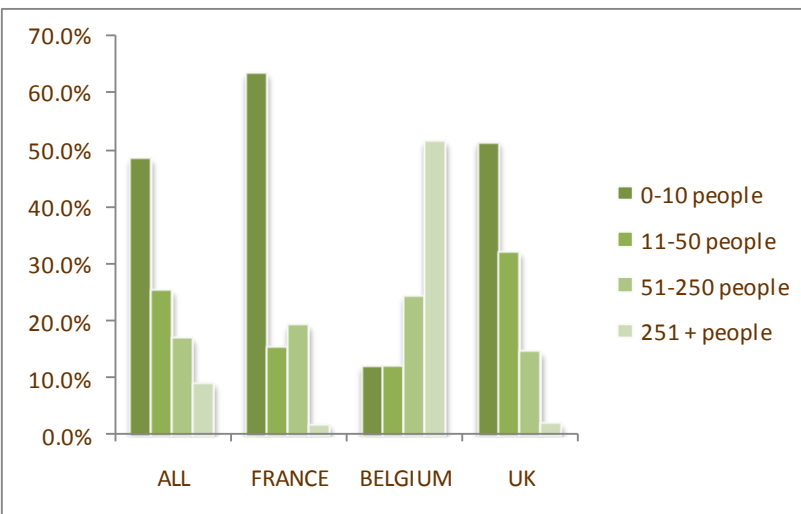


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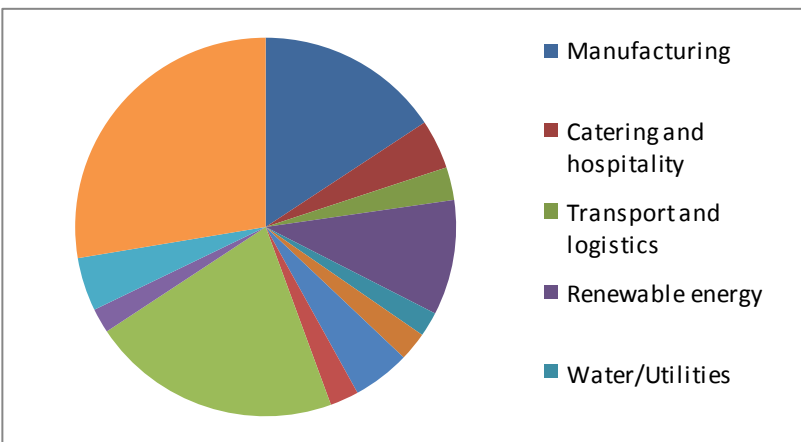
Background Information

The 286 companies who responded to the FUSION circular economy survey are businesses that the partners have some form of interaction with and who have already exhibited interest or taken action in resource efficiency and low carbon. We would anticipate that their level of knowledge of the Circular Economy would be higher than that of the general population.

The survey was run in three countries, France (NE area), Belgium



and England (SE area). It focused primarily on small and medium sized companies with the exception of Belgium where there was a higher proportion of larger businesses.



Companies were from a wide range of sectors, with a predominance from manufacturing and construction but with a strong representation from renewable energy.



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What does the Circular Economy mean to you?

48.5% had not heard of the term

25.3% were not sure what it meant

17% had some understanding

9.2% understood the term circular economy and thought about it context of business

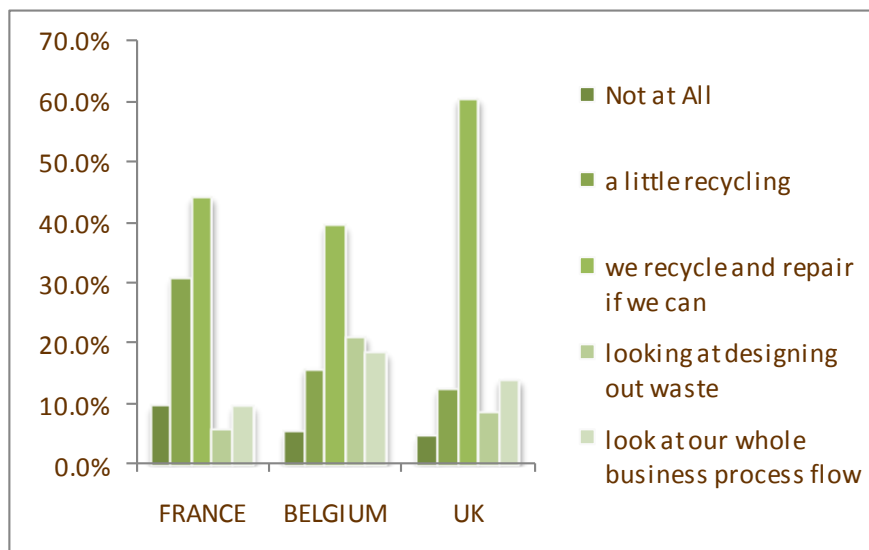
This question was asked to business owners/senior managers/directors

What do the staff in businesses think and know about the circular economy?

FUSION then tried to find out a bit more about what the people within the businesses thought about the circular economy. Whilst it was clear that a similar proportion of staff had not heard of the term or understood what it means as business owners there was clearly a level of information cascading through teams. A considerable number of business owners felt many of their staff members at least understood something about the term and how it was relevant to the business.

How closely aligned is your business to the circular economy?

We asked companies the question “If the circular economy is defined as a model whereby products are repaired, reused or upgraded instead of being thrown away and recovered waste materials are reprocessed for remanufacture, on a scale of 1-5, how closely aligned do you think your business is to the circular economy?” Encouragingly within this cohort of businesses only a small proportion were unable to see their operations as having no relevance to the circular economy. The greatest number of recipients in all three countries felt most comfortable describing themselves as businesses who recycle and repair when they can.



The concept of designing out waste is being adopted by some companies, with the strongest advocates amongst the Belgium respondees, which may be linked to the preponderance of larger sized organisations. All companies exhibit a strong position on recycling and repairing with the UK leading.

How would I describe the Circular Economy ?

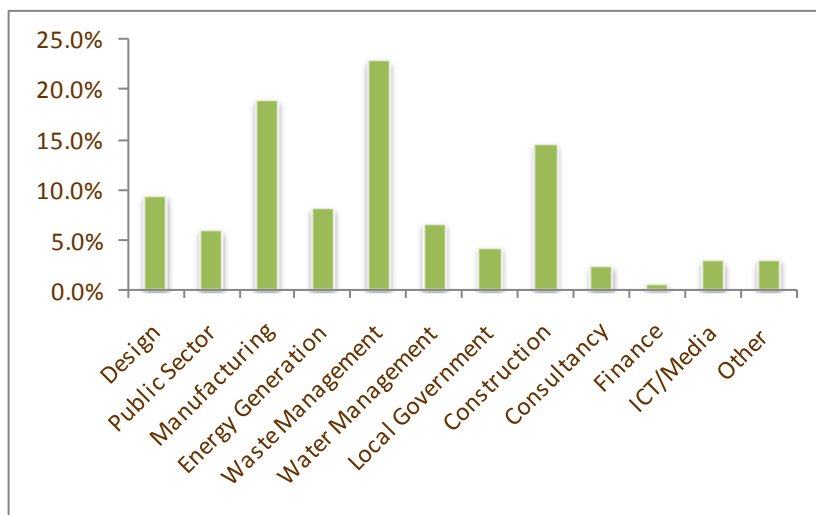
All respondents were asked to associate with the word (from a pre-defined list) that most accurately summed up their view of the circular economy. Answers are from all respondents.

- 27.5 % understandable
- 25.2% confusing
- 16.1% meaningful
- 15.4% inspirational
- 9.8% accessible



Whilst many business owners confirmed that they had not heard of the phrase previously, or had little idea what it meant, they felt that it was an understandable concept and one that was accessible to businesses. Encouragingly it also was seen as meaningful and for many inspirational, all strong points for future communications.

Which businesses do you think are best placed to benefit from the rise of the circular economy?



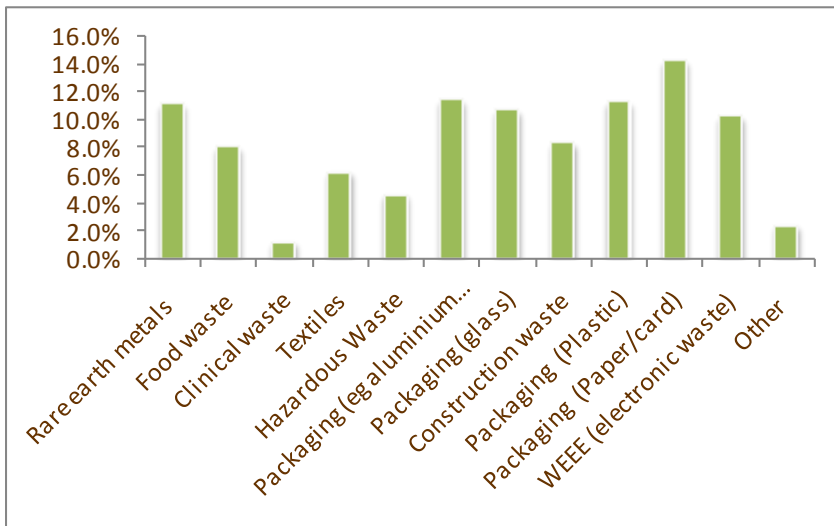
It was clear from the answers across all companies that companies saw strong opportunities arising from three key sectors, manufacturing, construction and waste management. Interestingly they also saw growth in design companies, green energy businesses and water management.

French businesses had less confidence in the growth of the design sector whilst the Belgium companies were least convinced of the three countries about the opportunities for the water management sector.

What material streams offer the potential for greatest gains in a circular economy model?

All respondents were asked this question and requested to select their top 3 items.

Not surprisingly packaging, and electronic waste rated very highly with companies, These are all items



that are well understood and have been part of the recycling process for some time. There was an increasing feeling that textiles and food waste could benefit from a more design led process

approach. Most interestingly a high number of the companies were aware of the issues around rare earth metals and viewed this as an issue that would benefit from a circular economy approach.

What is preventing YOUR business from maximising the benefits of a circular economy business model?

This question was asked of all recipients and they were asked to select their top 3 issues.

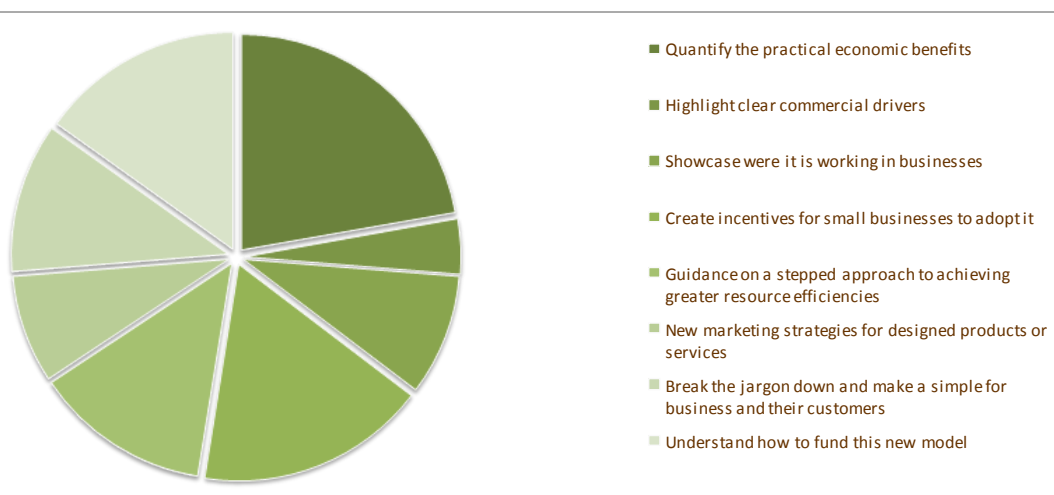


How could the circular economy be made more relevant to your business?

It is quite clear that businesses want to see that there are economic benefits and they want these to clearly demonstrated to them.

They would consider the circular economy model if there were incentives to help them make changes and they would like to know more about how to fund at change in model.

They would also like to see guidance on a stepped approach to better resource efficiency and help in making this more relevant to their customers.



What can we do to help you embed circular economy thinking in your business?

Recipients were asked to select from a pre defined list and could pick as many answers as they felt were relevant to them.

Here there was a wide range of answers, very much dependent on the sector , the level of current engagement and learning styles of the owner.

Seen to be of most benefit:

- Getting rid of the jargon would be useful
- Being able to work with experts and get mentoring
- Getting support from waste contractors
- Templastes on reuse and recycling

Least likely to drive action were case studies, webinars or peer to peer learning.

Use of this data. We would ask that you credit the FUSION project and the Interreg !VA 2 Seas Cross Border Programme when using or publishing any extracts from the data included within this report.

For further information on the FUSION Observatory and these research findings please contact Erica Russell, Head of Insight and Sustainability, BSK-CiC

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