



Advisory Model Scenario for
**MANAGEMENT SYSTEMS,
CERTIFICATION AND BUSINESS
MODEL INNOVATION**



Title: Advisory Model Scenario for Management Systems, Certification and Business Model Innovation

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Advisory Model Scenario for Management Systems, Certification and Business Model Innovation

**Observe - Evaluating the current
understanding of the business flows**

Plan - Deepening advisory Services

**Management
systems**

Certification

**Business model
Innovation**

**Evaluating best fit and
mapping strategy forward**

**Supporting development and
implementation of innovation**

Implementing

Checking and revising

1. Observe - Evaluating the current understanding of the business flows

This model scenario is, in a way, a deepening of the capacity building started with the training modules within the cirtoinno project; namely the Starting the Journey to Circular Economy module and the Business Model Innovation for Circular Economy module (see <https://cirtoinno.eu/know-how/>). For that reason, this scenario model follows the same process structure:

- Observe
- Plan
- Implement
- Check and revise.

At this point an advisor will need to check whether the current overview of the company is sufficient to move forward rethinking the business model and related management system. If not, the observation step comes into play. It aims to identify the body of knowledge needed to understand current process that are either already are circular or that have potential to be changed obtain the answers for the research questions.

2. Plan - Deepening of advisory services – Vision and strategic planning

We believe that both of the sections below come about by having a solid vision and developing a strategic (but flexible) plan about how to achieve it.

It is about aligning vision and business model in order to promote efficient circular (and sustainable) management, as well as to develop innovations that are aligned with the company purpose.

It is valid to remember that, the company business does not need to close all its resource loops within the firm in order to create management practices and a circular business model. Circular development also considers that the company operates as part of a larger system and adds to other companies. In that sense, different companies work together towards the creation of a closed loop system.

2.1. Management system and Certification

A business to become more circular and sustainable can make use of a management system in order to have an overview of the material flows within its processes among other business aspects.

Moreover, working with such system may lead or be synergetic towards a business certification. Some example of such management tools and certification are Environmental Management System (EMAS), ISO 14000, the Green key etc.

Their main contribution towards a circular business is to support the improvement of environmental performance, and compliance levels to legislation. It can also contribute to marketing and business attractiveness. The different management, audit and certifications schemes also increase transparency and legitimacy.

2.1.1. Evaluating best fit and mapping strategy forward

Developing a circular approach through Managements system and Certifications may be a good option for business who want to get involved but are not interested in engaging into an innovation process. In that sense the work of the advisor is to identify what is the best tool and criteria given the level of ambition and resources available.

Such approach may also include (and benefit from) the Vision and Strategic Planning implicit within it, beyond the pursuit of standards and measurements.

Therefore, exploring and defining a circular business model (see below), as well as having a branding perspective (see Advisor Scenario for Branding and Marketing) could be a good first step in developing the circular “non-technical” aspects of a business.

The key here is to understand the flows and contact points that represent a potential intervention point. Those contacts points could be analyzed under the lenses of “Input, Process and Output. (or through the different canvas in annex)

- Input
 - What resources are being used and how sustainable are they?
 - Are there any substitutes for such material?
- Process
 - What is the function and how value is being created?
 - Is it possible to improve or have the same value in a different way?
- Output
 - What is the social and environmental impact of our product/service?
 - What is the “rest” product(s) and which kind of “chain” could use it as a resource?

In this case the advisor can support by:

- Explaining different ways to manage towards a more circular business
- Comparing different audit and certification schemes
 - Costs
 - Level of engagement
 - Benefits
- Supporting stakeholder engagement (when applicable)

2.2. Business model Innovation

Business model Innovation consider different steps of lenses and the advisor's can add value by keeping in mind and coaching the company through such lenses. Namely they are:

- Type of Innovation
- Mapping of Business model
- Build on the unique value created for existing and new end-customers

When talking about business models innovation, four areas of intervention are considered:

- Who are the target customers?
- What is the benefit for customers and for partners who are involved in value creation?
- How is the company created and delivered the benefit?
- How does the company earn money?

By keeping such areas of development in mind, different mapping tool can be implemented at this stage to map material flows, as well as different contact points to stakeholders.

2.2.1. Supporting development of innovation

The main question here is: How the circular economy principles apply to the components of business model? Therefore, it is important to convergence the elements of business model and the principles of circular economy.

The fundamental elements of circular business models can be derived from the main principles of the circular economy. In the Cirtoinno handbook such components are understood and defined variously, one example - circular economy mainly emerges through three main 'actions', i.e. the so-called 3R principles: Reduction, Reuse and Recycle. Another "business action framework" has been developed by the Ellen MacArthur Foundation, based on three fundamental CE principles.

It involves 6 guiding actions - ReSOLVE (regenerate, share, optimize, loop, virtualize, exchange) framework, ways of circular value creation, normative requirements for business models, and areas for integration.

One thing the companies could do in order to explore their circularity is to fill the table below. The table shows Business model components, and the X indicates that the circular economy principles apply to the particular component of business model. According to the X's, the company can evaluate components where to do changes.

BM Components	Regenerate	Share	Optimise	Loop	Virtualise	Exchange
Partners		X		X		
Activities	X		X	X	X	
Resources	X		X	X	X	
Value proposition and Customer segments		X		X	X	
Customer relations						
Channels					X	
Cost structure	X		X	X		X
Revenue streams		X		X		
Potential to develop the BM framework						
Take-back system				X		
Adoption factors	X	X	X	X	X	X

2.3. Planning - Towards a circular solutions

Either focusing solely on management system or in business model innovations, the companies are likely to go through changes and improvements in order to be even better in circular economy solutions.

In both cases, the business model canvas, and design thinking can also be implemented as a process to support business in this iterative journey. Cirtoinno has also developed a training material for using such method within CE. (<https://cirtoinno.eu/know-how/>).

One of the advisor's main role is to support business getting into the development/innovation mind-set by helping them to understand that those exercises are not about sitting for a couple of hours and filling the right answers, but it is a way to explore current practices and future possibilities in such a way that a prototype, small action plan or a full on project can come out of it.

2.4. Creating an action plan

As pointed out earlier this process shall lead to practical ideas (at least to further exploration of possibilities). In that sense, some sort of documentation shall be developed in order to remind and help to keep track of future action.

Within design thinking, the process itself provides a number of moments for planning and registering progress. For other cases, we attached an action template, with different areas of intervention.

The action template in annex could provide some direction here. Such templates are not be filled out, but they are more like a check list of potential areas of action. As the company naturally identifies areas of innovation and action, the different lines for the table will be selected, so it forms a new table tailored to the business.

Please also notice that the columns that are currently filled in the template are just an exemplification of how they could be developed, rather than a static suggestion of what to do.

3. Implement

It's one thing to understand current management practices and business models, but it's quite another to be able to understand what is going wrong, why, and what results another business model might provide. Implementing provides exact such information

The implementation is about trying things out and testing so improvement and learnings can happen. Regardless we are trying a new management routine, or a new service, there is not much more to say than: "just do it", and then follow up.

4. Check and revise

The companies may have not the time, staff or resources to keep up with the learning curve, nor follow up with the contacts, and networking required after an advising or design thinking process.

Therefore, the advisor follow up and support is essential to provide a dynamic and organic deepening of the advisory services towards the implementation of innovative solutions. It may also help to nudge SME's when it comes to the implementation.

In this step the company identifies the processes that need to be improved or substituted, through periodical reviewing the action plan.

Some follow up and review questions may include checking the development of the advised company within selected actions and goals, for example:

- Did they meet the goal they envisioned before the business process begin?
- How far did they stray or how precise did they follow them goals?
- Were them goals too difficult? Were they unrealistic?
- Were them goals too simple? Did they underestimate ourselves?
- Were them goals aligning with the industry's standard?

And remember to:

- Analyze company's mistakes and ensure they do not repeat them.
- Analyze them wins and take notes on the way to repeat it.

Annex: Business Model Canvas

Key Partners Who are our Key Partners? Who are our Key Suppliers? Could the supplies come from the wasted resources of another business nearby? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	Key Activities What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams? Key Resources What Key Resources do our Value Propositions require? Could they come from resources wasted by your clients? Could product be made of ingredients that offer the same functionality as the traditional ones you used but that can eventually biodegrade? Our Distribution Channels? Customer Relationships? Revenue Streams?	Value Proposition What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?	Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? Channels Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	Customer Segments For whom are we creating value? Who are our most important customers?
Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?		Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?		
Adoption Factors Organizational capabilities PEST factors				

Source: Osterwalder, A., Pigneur, Y., 2010. Business Model Generation: Handbook for Visionaries, Game Changers, and Challengers. John Wiley & Sons

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Annex: Environmental Life Cycle Business Model Canvas

Supplies and Out-sourcing Supplies and outsourcing represent all the various material and production activities that are necessary for the functional value	Production Production for manufacturer may involve transforming raw or unfinished materials into higher value outputs	Functional value The functional value describes the focal outputs of a service (or product) by the organization under examination.	End of life End-of-life is when the client chooses to end the consumption of the functional value and often entails issues of material reuse such as remanufacturing, repurposing, recycling, disassembly, incineration or disposal of a product.	Use Phase The use phase focuses on the impact of the client's partaking in the organization's functional value, or core service and/or product
	Materials Materials refer to the bio-physical stocks used to render the functional value		Distribution In the case of a service provider or a product manufacturer, the distribution represents the physical means by which the organization ensures access to its functional value.	
Environmental Impacts The environmental impacts component addresses the ecological costs of the organization's actions. It is related to the measures such as CO ₂ emissions, human health, ecosystem impact, natural resource depletion, water consumption.			Environmental Benefits From a sustainability perspective, this component provides space for an organization to explicitly explore product, service, and business model innovations which may reduce negative and/or increase positive environmental through its actions.	

Source: Osterwalder, A., Pigneur, Y., 2010. Business Model Generation: Handbook for Visionaries, Game Changers, and Challengers. John Wiley & Sons

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Annex: Social Stakeholder Business Model Canvas

Local Communities There are social relationships built with suppliers and their local communities.	Governance Organizations can vary widely based on several aspects of governance including ownership internal organizational structures and decision-making policies.	Social value Social value speaks to the aspect of an organization's mission which focuses on creating benefit for its stakeholders and society more broadly.	Societal Culture The societal culture component recognizes the potential impact of an organization on society as a whole.	End-User Users with similar needs have typically been segmented on relevant demographics e.g. age, income, ethnicity, education level, etc.
	Employees A number of elements may be included here such as amounts and types of employees, salient demographics such as variations pay, gender, ethnicity, and education (to name a few) within organization.		Scale of Outreach Scale of outreach describes the depth and breadth of the relationships an organization builds with its stakeholders through.	
Social Impacts The social impacts component addresses the social costs of an organization. It complements and extends the financial costs of the economic layer and the bio-physical impacts of the environmental layer.			Social Benefits Social benefits are the positive social value creating aspects of the organization's action.	

Source: Osterwalder, A., Pigneur, Y., 2010. Business Model Generation: Handbook for Visionaries, Game Changers, and Challengers. John Wiley & Sons

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Annex: Action Plan (template) towards circular economy solutions

Practices based on circular economy principles	Goal	Value proposition	Tasks/Steps needed to achieve the goal?	Who is responsible?	Starting point and deadline	Cost/possible savings	Comments/remarks
Energy efficiency	<ul style="list-style-type: none"> to achieve at least 15% decrease of energy used to ensure that at least 75% of all light bulbs in the establishment are energy efficient 	<ul style="list-style-type: none"> employees can support company's activities towards environmental protection reduced CO2 emissions savings for the company tourists for whom climate changes and are important can relax in an establishment/surrounding that cares about values close to them 	<ul style="list-style-type: none"> installation of motion sensors other automatic systems in public areas for energy-efficient lighting replacing lighting in ... ensure that at least 75% of all light bulbs in the establishment are energy efficient newly purchased equipment must be the 	eg. the owner, external company, property/service technician, procurement department	Specific dates or "by the next necessary equipment replacement"	Here you can insert the planned expenditure necessary to achieve the goal (e.g. price of joining the reservation system or the difference in the price of the paper used so far compared to a certified paper)	<p>This is a place for additional comments that will help you in the future to implement the plan</p> <p>e.g. base value to be able to measure <15%</p>

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			<p>highest energy efficiency class</p> <ul style="list-style-type: none"> • staff training on the topic "How to save energy in a given workplace" 				
Water and wastewater management							
Limitation of the use of toxic and harmful products							
Waste management - REFUSE							
Waste management - REDUCE							
Waste management/natural resources protection - REUSE							

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Sustainable/ fossil-free transport							
Reducing food waste – delivery and storage							
Reducing food waste - kitchen							
Reducing food waste –restaurant/buffet breakfast or lunch							
Elimination of plastic							
Marketing and communication of eco and circular economy solutions							
Nature conservation and biodiversity (eg. proper selection of plants in the building, increasing green spaces in front of the building)							

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Education and awareness raising - staff							
Education and awareness raising – guests/tourist							
Education and awareness raising – local community/other business partners							

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system



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Aspect/area for improvements*	Goal	How the goal relates to circular economy?	Tasks/Steps needed to achieve the goal?	Who is responsible?	Starting point and deadline	Cost/ possible savings
Procurement/ purchases	<ul style="list-style-type: none"> Reduction of carbon footprint of products Elimination of disposable packaging Reduction of plastic waste 					
Houskeeping						
External services (eg. Laundry when outsourced)						
Maintenance and technical issues						
Marketing						
Accountancy						
Management						
.....						

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*The table could be adjusted according to the specific areas of accommodation provider/restaurants/SPA needs.

Note: We encourage people who will work with this template to introduce an additional column after, which applies to the **values generated** through the introduced change. To fill in this column you need to consider following issues:

- What value do we deliver to the customers/ our employees?
- What annoys our them and what is crucial for them?
- What products and services will we offer?
- What customer problems do we solve? Which customer needs are we satisfying?
- What value will we deliver to local community/business partner/ when introducing circular economy solutions to our activities?
- What environmental issues/challenges will we try to solve with the change to more circular business practices?

This is due to customer segmentation: Who is our customer? Who are we building the product /service for? Is this a niche or mass market?

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Aspect/area for improvements *	Goal	How the goal relates to circular economy?	Tasks/Steps needed to achieve the goal?	Who is responsible?	Starting point and deadline	Cost/ possible savings
Reception	to reduce the use of paper	Reduce Reuse	<ul style="list-style-type: none"> • Print documents only when absolutely necessary • Increase the number of activities performed electronically (digitization/ virtualization) • Where possible suggest to your business partners and guests electronic invoices • Purchase and use of recycled/FSC-labelled paper 	<ul style="list-style-type: none"> • reception staff • manager with the support of IT • reception staff • procurement 	Immediately From the next month From the next order continuous task by the end of(mont/ye ra)	Here you can insert the planned expenditure necessary to achieve the goal (e.g. price of joining the reservation system or the difference in the price of the paper used so far compared to a certified paper)
Guest room – type						
Guest room – type.....						

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Kitchen						
Restaurant/Bar						
SPA						
Conference room						
Public/ common areas						
Building – construction and maintenance						
Garden and green areas a round the establishment						
.....						

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NOTICE The filled columns are just examples of how the table could be filled

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