

WEF 2020 – *The Circular Economy*

Handbook: Author fireside chat

VIDEO TRANSCRIPT

PETER LACY: Welcome from Davos. My name's Peter Lacey. I'm a Senior Managing Director at Accenture. And I'm absolutely delighted to be joined by Wesley Spindler and Jessica Long, the co-authors together with myself of a new book, *The Circular Economy Handbook*, which comes five years after we created and published *Waste to Wealth*, which set out really, I think, some of the strategic imperative and some of the economics of circular economy. But we're back again with another book, *Wes*, why?

WESLEY SPINDLER: So I think over the last five to six years, firstly, we've learned a lot. So we've come a long way from the theory to moving into action and now looking to scale the circular economy. So we've seen a lot of progress. We've seen a lot of new case studies, not only the breadth, but also the depth that organizations are going to in the circular economy. And now what we really need is to take that next step

and scale at speed with organizations.

PETER LACY: So, Jessica, we've just come lunch with a number of different clients, fantastic clients, often in many cases making real progress on circular economy. You talked at lunch about what was new in the book. Some things stay the same. So our five business models stay the same. The four and a half trillion dollar global opportunity fortunately stays the same. But there are some new features and some new elements that we think are really worthy of note. So tell me about those?

JESSICA LONG: Yeah, I think that's right and to your point, the main purpose stays the same. The five big business models, the value at stake. One big change is around technologies, right. So we expanded our scope of the Fourth Industrial Revolution to technologies that we're looking at across physical, digital and biological. So going from the 11 that

we looked at in Waste to Wealth to the 27 that we're looking at now. And then I'd say one of the other huge changes, as Wes alluded to, is looking deep into industries. So what does this really mean across 10 different industries? And then second is looking at not just what does it mean to those industries, but then how do we actually help organizations pivot towards the circular economy?

PETER LACY: Well, in a similar way, it's digital.

JESSICA LONG: It's exactly the same way as digital.

PETER LACY: Because actually, that was the whole point of our positioning around digital was how do you make that shift, how do you make that transition? Is it the same in circular? Are there some things that are different that we find in the book?

JESSICA LONG: And I think it's very similar to digital in that digital is everywhere. We believe circular is everywhere, right. You need to change not just one function or one industry, you need to change across industries or cross functions, across entire systems. So, again, that's something I say would apply for both digital, as well as circular. Mindset shifts are probably also very similar, right. We saw that with both digital as well as circular. Maybe one big difference here would be this addition of these biological technologies or nature-based

solutions and figuring out how all this goes in.

PETER LACY: Examples?

JESSICA LONG: So as you know, one of my favorite examples, as you both know, are anything to do with food, right. So AeroFarms, indoor vertical farming.

PETER LACY: We just had the CEO of AeroFarms sat just here just a second ago.

JESSICA LONG: Who has been a huge contributor to both the book, as well as to like I think our broader wealth of knowledge around circular economy. So David and AeroFarms, they have the largest indoor vertical farming setup in the world. And they're able to combine AI, machine learning, physical technologies, bring that all together.

PETER LACY: Big data and analytics.

JESSICA LONG: Big data and analytics with farming. And I think that's massively huge. So combining all three technologies gets quite exciting.

PETER LACY: And actually, the combinatorial thing comes out a lot. You know, that actually combinatorial is a good word to describe the benefit that you see in terms of combinations of business models, so combination of products as a service with circular supply chain with recovery for example. But also, the combinations of

technologies, not just within digital or within physical or within biological, but across those segments.

Now, Wes, let me come to you on this. So this has been dedicated by all three of us to the World Economic Forum, to the YGL Forum within that to the work that's been done, as well as umpteen nieces and Goddaughters and fathers and godsons and dogs, but actually, with a very serious thank you to that group for the incredible work. It's been a real community effort. So tell us a little bit about how we've got from 1,000 entries in the circulars over five years to 300 case studies? And maybe tell us also about your favorite case study?

WESLEY SPINDLER: Yeah, good question. Yeah, so 1,500 actually.

PETER LACY: 1,500?

WESLEY SPINDLER: We have increased – so over the five years of the circulars, as you know, we've - I think the interesting thing to point out is we've not only built a really fantastic community and a group of stakeholders working towards the same mission, but what we've also done is gather a huge database of insight. So we've looked at 1,500 case studies and that's across 65 countries, anything from business leaders, to entrepreneurs, to policy and investors. So we have a real breadth of knowledge that we've been able to infuse in the book. And, of course, we've taken that, distilled it down into some of the highlights

across the industries, across the biz malls, technologies and across the different organizational dimensions that we touch on in the book. And we tried to highlight those, which really bring some of the lessons that we've learned to life.

PETER LACY: At a high bar I would say. I think the way you've looked at it is that it has to be - it's not just about whether it's having a circularity impact, it also has to be driving competitive advantage. We've always talked about the circular advantage. So case studies that –

WESLEY SPINDLER: Yeah, and I think we were really critical on that and making sure – you know, we've all gone back and forth so much to make sure that mix was right. But I do, there is one organization that really sticks out to me.

PETER LACY: This is the case study, I was going to say. What stuck out? And, Jessica, I'm going to ask you the same.

WESLEY SPINDLER: Yeah, so this is probably back from 2014-2015, is Method, products. So Method is an international household products company. My mother also uses Method, so that's a great sign and has for years. But what I like about Method is I do think they touch on all of the dimensions that we touch on to the book. So the first thing is it's really part of their brand ethos, not only do they spread the word with customers, but they look for learning and engagement opportunities to

bring the consumers on the journey. Their product portfolio is amazing. So just to mention a couple of the things they do. All of their packaging is a 100% recyclable plastic. They also were one of the first brands to look at concentrates, for example, which they beat the big brands to that. And my absolute favorite thing about the case study is their operations. So they have a circular soap factory - we talk about this example a lot - in Chicago and they have renewable energy on-site, they're water neutral, they have an urban farm, like AeroFarms, they have on the roof.

And on the social side, which I think is a dimension we probably don't touch on enough, they've purposely put the factory in a part of Chicago that's underserved that, you know, people need jobs.

PETER LACY: Regeneration and restoration.

WESLEY SPINDLER: Exactly. So they're supporting the local community as well. So it's a fantastic story.

PETER LACY: Jessica, your favorite?

JESSICA LONG: Yeah, I was just thinking of other stories. I was like - but one of my favorite parts of the book is the fact that we have such a huge range of case studies, from the big multinational companies that we all know and love, like Microsoft and Phillips and Nike E and Schneider Electric, ING and others. These big companies that I've actually been

able to transform and pivot within their mammoth systems, which is not easy. Then you have these kind of newer companies that are driven - they were born from purpose, like a Method.

And then, I'll just note maybe some of the ones that excite me are the ones that are coming up. We have a section on game-changing technologies and what might be coming next. One of my favorites is Apeel Sciences and so, they use food waste, right, and are able to create this kind of new protective barrier that you could put on fruits and vegetables or on fresh produce to make them last longer. That's really new and, again, it's using biology and sciences and technology to create a solution for food waste that isn't just about what do I do once it's wasted? It's how do I make it last longer? So I think that's going to be on the horizon for us.

How about you? Do you have a favorite?

PETER LACY: I have lots of favorites. I like dairy farms a lot and that that's would be no surprise. I think that's a good example. Another good example of combinatorial, you mentioned that already.

WESLEY SPINDLER: Yeah, and one thing that David mentioned on AeroFarms when we spoke about this is the importance of culture, as well, that we don't - we've given AeroFarms a lot of life, but I actually think one of the things he said is he believes -

PETER LACY: We did that, we gave them a lot of life, given them they're based on earth and the light and LED, a good partner.

WESLEY SPINDLER: So I think the really interesting thing is to touch on their culture as well because they're a circular ethos in how they use technologies and innovation.

PETER LACY: Not a very inclusive package in terms of really innovation and rewards as well actually.

WESLEY SPINDLER: Yeah, exactly. And one thing he said to me is they actually receive over 2,000 applications a month. So for a company of a 100, you know, that just speaks to their power.

PETER LACY: It sells it. It does. And they're very, very conscious of the things like their labor practice is very conscious of a fair wage, minimum wage, and etc. I think you guys know I love Caterpillar, but that's partly because it's one of the few case studies that I can connect with my 7 and 8-year-old boys on because they're just about of that stage where they can understand Lego and rebuilding and remanufacturing of Caterpillar equipment. So let me ask you about something else that I think is powerful in the book, which is partly the book is as a circle economy handbook is intended as an agent for change within organizations to bring in a broader constituency of actors across the business, to explain what it means for the CFO and the finance

team, what it means for the marketing team, the R&D team, design and importantly, and particularly given our business, the CIO, CTO, so how have we gone about bringing out some and teasing out some of those themes and getting specific with some of the concepts and language to make it usable by some of those audiences?

JESSICA LONG: Did you want me to say? I think there's a few things. Clearly, I think technology is at the heart of all of us. I think we're well aware that some of the basic concepts of circular economy have been around for decades. It's just always challenged to get to scale. And I think the real game changer, the thing that has been the tipping point in circular economy is technology and not just technology, but Fourth Industrial Revolution technologies.

I think often times, people think of those technologies as these new big innovative things out there and big organizations don't know how to bring them in. And this is where the CIO and CTO becomes so critical with an organization, right. 'Cause just like your question but for digital.

PETER LACY: The guardian of technology investments that you need and to be able to speak the same language and understand how the intersections really manifest between the business, circularity and technology.

JESSICA LONG: Exactly. And they see across every function, right. So

they don't fit within one silo, they see across every function, every geography.

PETER LACY: Which can be either a change catalyst or can be a barrier, right, depending how you engage.

JESSICA LONG: Very true. And that's why we wanted to give them the tools to say, hey, as a CIO, you're the most or one of the most important –

PETER LACY: Here's how to make yourself very relevant and very relevant to the C-suite again. Well, I think that's a good point upon which to close. We believe that the circular economy is a four and a half trillion dollar global opportunity. And the Circular Economy Handbook is intended as an extremely practical guide that helps organizations chart their path towards what we call circular advantage. That's based on the five business models we identified going back to Waste to Wealth. But the book also includes some new and exciting features that I think can be helpful for organizations, whether or not that's the expansion of technologies that now include 27 disruptive plays across biological, physical and digital, whether or not that's the ability now to make the connection to functions, to customer, to marketing, to R&D, to finance. And very importantly, given many of the technology developments that have been driving and underpinning the circular economy, how to engage properly with the chief information

officer and the chief technology officer.

So we hope that this is a practical guide that helps you to raise the bar and that it also helps to not only deliver value for shareholders, but also for stakeholders in delivering the sustainable development goals as a contribution towards that, but also, as Bill McDonough in Cradle-to-Cradle talks about, the idea of an economy, a circular economy that's set up to deliver enough for all, forever.

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