

World Economic Forum Young Global Leaders Taskforce

Circular Economy Innovation & New Business Models Initiative

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An Initiative of



Rocking the cradle to cradle revolution in Davos



From our conversations at the World Economic Forum (WEF) in Davos this year, it's clear that sustainability has moved right to the heart of business debate. Debates on food, energy, water and of course climate change have dominated. But this is not sustainability of the old corporate social responsibility generation. It is core business, and all about value creation. While there is no doubting the cost and risk drivers, there is a real shift towards growth, innovation and business opportunity.

Against this backdrop, one of our joint duties at Davos has been the pleasure to co-chair the WEF's Young Global Leaders (YGL) Taskforce reception on Cradle to Cradle and new evolutionary business models, an event which gathered young leaders from across sectors to discuss how new business models based on eliminating the concept of waste, building upon eco-efficiency and adding eco-effectiveness, are beginning to emerge in a range of industries. And it was a lively and vibrant debate to say the least!

Consider that 90% of consumer products end up in waste disposal within six months. U.S. adoption of recycling has reached only 28%. And the UK Government estimates that the EU generates 2 billion tonnes of waste products every year. That's almost literally throwing money away, not to mention a serious potential brand, reputation and trust liability. But it's also an opportunity to rethink the terms of competition by innovating across the value chain and redesigning products and services from first principles.

We know that natural resource constraints are driving companies to seek alternatives to traditional production and manufacturing processes. Scarce resources, the rising cost of raw materials and the impact of more regulation are

prompting businesses to innovate. But given that recycling and the reuse of natural resources has long been recognised, what does this trend towards Cradle to Cradle business models really amount to?

Cradle to Cradle is a fundamental reimagining of design and the industrial process that seeks to move beyond eco-efficiency—the reduction of waste and valuable raw materials—to eco-effectiveness, a state in which all positive environmental, economic and social impacts are maximised. This new model of production and consumption is based on less dependence on raw materials and energy inputs, as well as the dramatic reduction or elimination of waste at every stage of the product lifecycle.

Think of it this way. Today's manufacturing processes are linear, one way flows of inputs and outputs, from raw materials through to production, on to consumers and then into landfill or incineration. It's cradle to grave. Cradle to Cradle is a system that pools materials so that they can be reused, where not only is the supply chain naturally more eco-efficient, but where products are returned from consumers and recycled.

Pioneers include Herman Miller furniture and Method household products, who are designing their business models to minimise inefficiency, reduce costs in logistics, materials and packaging, and generate new sustainability-oriented revenue streams. The Timberland Company's new range of "Earthkeepers 2.0" boots was conceived with Cradle to Cradle principles in mind and designed to be disassembled for recycling at the end of their current stage of useful life. The new design reduces the carbon impact of a typical production run of 40,000 boots by 500 metric tons—roughly the same amount as the impact of all the energy and heating used in a three-month period at Timberland's New Hampshire headquarters. Up to 80 % of the materials from the boot can now be recycled or reused at the end of the boot's first life.

But Cradle to Cradle poses challenges. All parts of the supply chain must change their relationships to a deeper and more multi dimensional network of partnerships. Product vendors will have to become service providers as they involve consumers in that two way flow of new and used products. Product designers must redraw their plans, not just to eliminate waste but to design in disassembly. And manufacturers will have to measure and track the sustainability of their supply chain in far more granular ways than they do today. This is where the disruptive trend kicks in. It's not just about rethinking production processes, supply chains, design etc. Evolutionary business model thinking means reinventing the way you engage with customers when you engage them in closed loops.

Cradle to Cradle has the potential to reshape business models. In some small way, it is helping to provide some of the answers to the questions being posed as sustainability is once again center stage at Davos. But it can also make sustainability the basis of innovation, reputation and genuine competitive advantage.

So in the words of one of WEF's Young Global Leaders today, when it comes to Cradle to Cradle and Evolutionary Business Models ... let's rock!

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The vision of this YGL taskforce is to create a socially and environmentally prosperous world where profitable businesses provide smart goods and services within the resource limits of the planet.

Our mission is to inspire leaders to embrace the "Circular Economy" business philosophy for their organizations and provide tangible examples of successful business models and means of implementation.

By advancing this mission the taskforce helps create universal awareness amongst business leaders and other stakeholders of the inherent problem of unsustainable – linear – production methods; the case for and possibility of change; the business opportunities; and means of transitioning to a sustainable global economy.

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