



A Circular Economy Can Create New Norwegian Market Leaders

There has been much talk and little action on circular economy. What follows are three pieces of concrete advice on how Norwegian companies can create circular value.

It is something that I believe Norwegian CEOs have failed to recognise. The circular economy will be crucial to the survival of businesses and the environment in equal measure. In Europe alone, the annual potential of this emerging economy is estimated to reach NOK 17.8 trillion by 2030. To remain competitive, Norwegian companies must jump on the circular bandwagon now.

A circular economy is not a utopia. At the time of writing, my research colleagues and I are working with over 20 companies in the Nordic region. The companies are receiving assistance through the *CIRCit** research project in order to gauge potential and competitiveness linked to circular economy. Though still in its infancy, the CIRCit project has already pinpointed three factors for success:

1. The status of IoT

Two of the most important factors forming the foundation of growth potential throughout the circular economy are the Internet of Things and Big Data. For example, by using sensors and machine learning it is possible to predict when products will require servicing and maintenance, and to adapt this to different needs and usage patterns. One example is Cat Connect, which monitors the location, energy consumption, and condition of construction machinery for optimised utilisation, application, and safety.

2. New business models

A clear trend is to switch from solely selling products to providing products as well as services. The circular mind-set challenges prevailing business models. By providing additional services such as repairs and maintenance, companies can enjoy enhanced value creation along with positive environmental effects. Examples of this include Husqvarna's Battery Box, which enables garden machinery to be easily hired and where you only pay to use the machinery, and the success Jenny Skavlan has had with reusing fabrics to create new clothing.

3. Design for reuse and recycling

Products should be designed with the highest possible quality and with the intention that they will be reused and recycled. Higher quality also extends the service life of a product. This means that repairs pay off in the long run and overall customer satisfaction is increased. A good example is Fairphone – a modular phone designed to be easily repairable, upgradable and recyclable. Fairphone is made up of separate detachable parts and users can also swap the battery, camera, screen, etc.

All of these factors indicate that companies should take responsibility for a greater portion of the value chain and that this can be profitable. Ensuring that new innovative solutions are included holistically will prevent negative repercussions further down the value chain while facilitating economic growth at the same time.

As is the case with digitalisation, the rate of change in the circular economy is high. New players will elbow their way into markets where existing companies are unable to adapt. If we want to preserve and strengthen our international market position, it is important that we act now. The circular economy should be higher up on the agenda of market leaders and policymakers.

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**CIRCit: Circular Economy Integration in the Nordic Industry for Enhanced Sustainability and Competitiveness*

Sources:

- CIRCit - <http://circuitnord.com/>
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