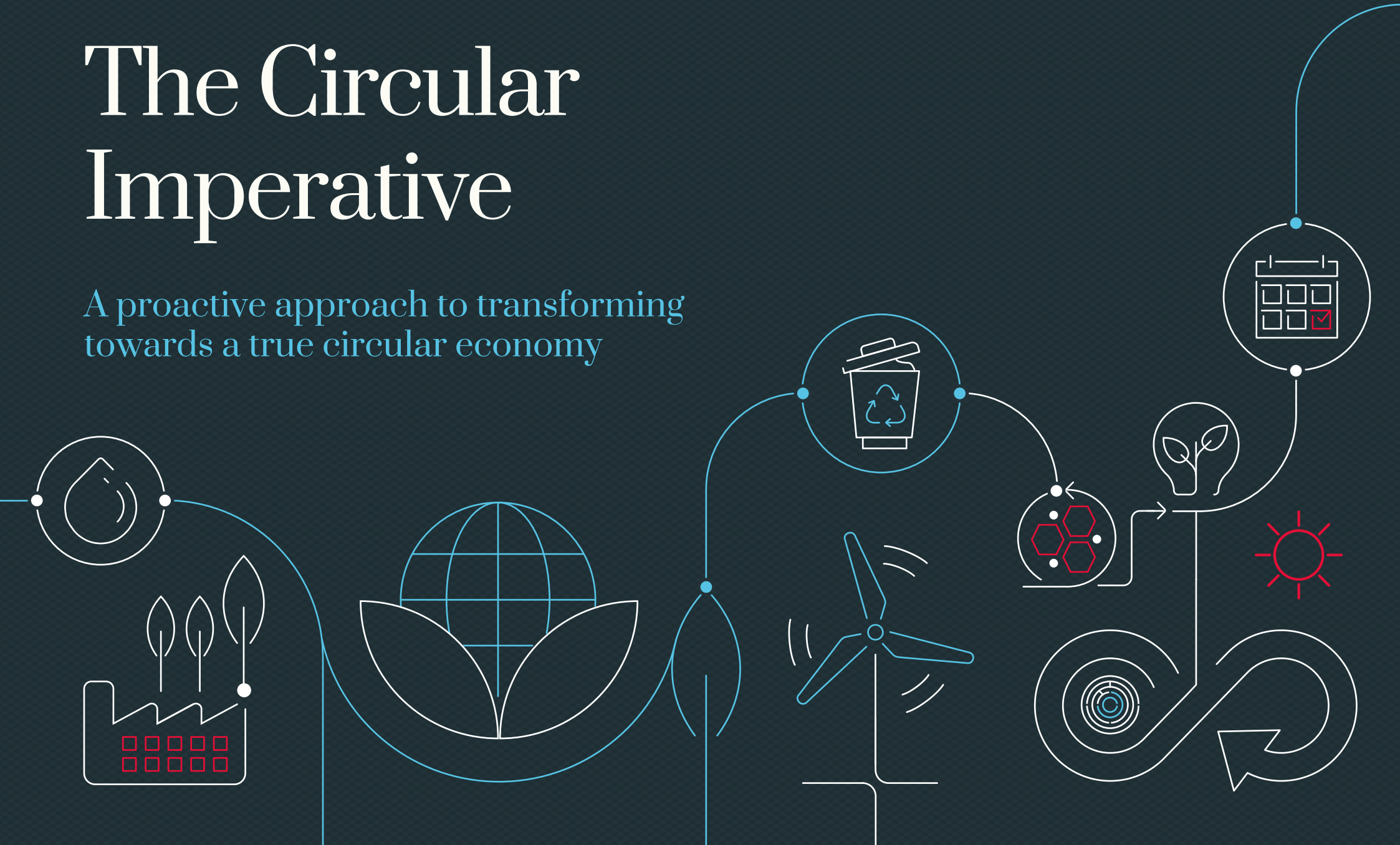


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# The Circular Imperative

A proactive approach to transforming  
towards a true circular economy

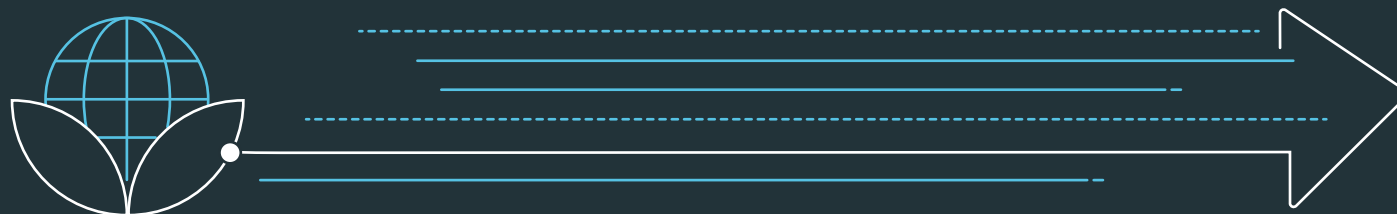


# What you'll find in this paper

This isn't another theoretical exploration of circular economy principles. It's a practical guide designed for senior executives who recognise the strategic imperative but need clarity on how to navigate the transition.

## The elephant in the room:

How to balance the short-term risks of business model innovation with the long-term necessity of circular transformation. The companies that crack this code won't just survive the transition – they'll emerge as the market leaders of tomorrow.

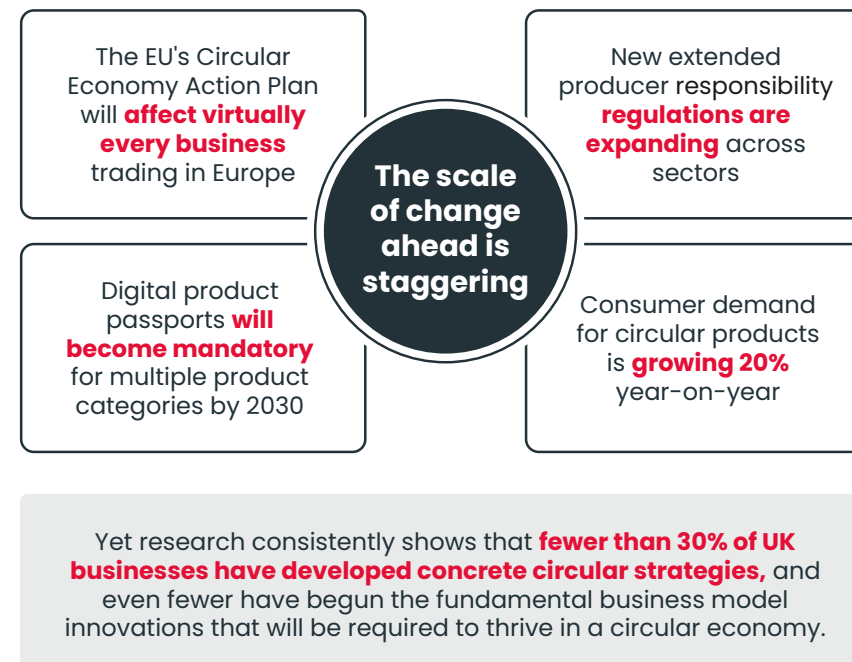


- Chapter ① The Circular Imperative
- Chapter ② Regulation Acceleration
- Chapter ③ Creating Growth Opportunities
- Chapter ④ Circularity In Action
- Chapter ⑤ Strategic Capabilities Required
- Chapter ⑥ The Final Word

# The Circular Imperative: Why Your Business Can't Afford to Wait

The circular economy is no longer a sustainability buzzword relegated to CSR reports. It has become a business imperative that will reshape industries within the decade. Yet many UK companies remain stalled by the complexity of change, treating circularity as optional rather than essential.

Executives may nod through presentations and sign off on sustainability commitments, but most are unprepared for what's coming. A regulatory wave is building, consumers are shifting faster than ever, and circular-native competitors are gaining ground. The question is no longer whether you need a circular strategy – it's whether you'll lead the transition or be forced to follow.



## Why this matters now

The window for proactive transformation is closing fast. Early movers like Decathlon, Caterpillar, and Philips saw circularity not as compliance but as opportunity – unlocking lower costs, stronger customer loyalty, new revenue, and lasting competitive edge.

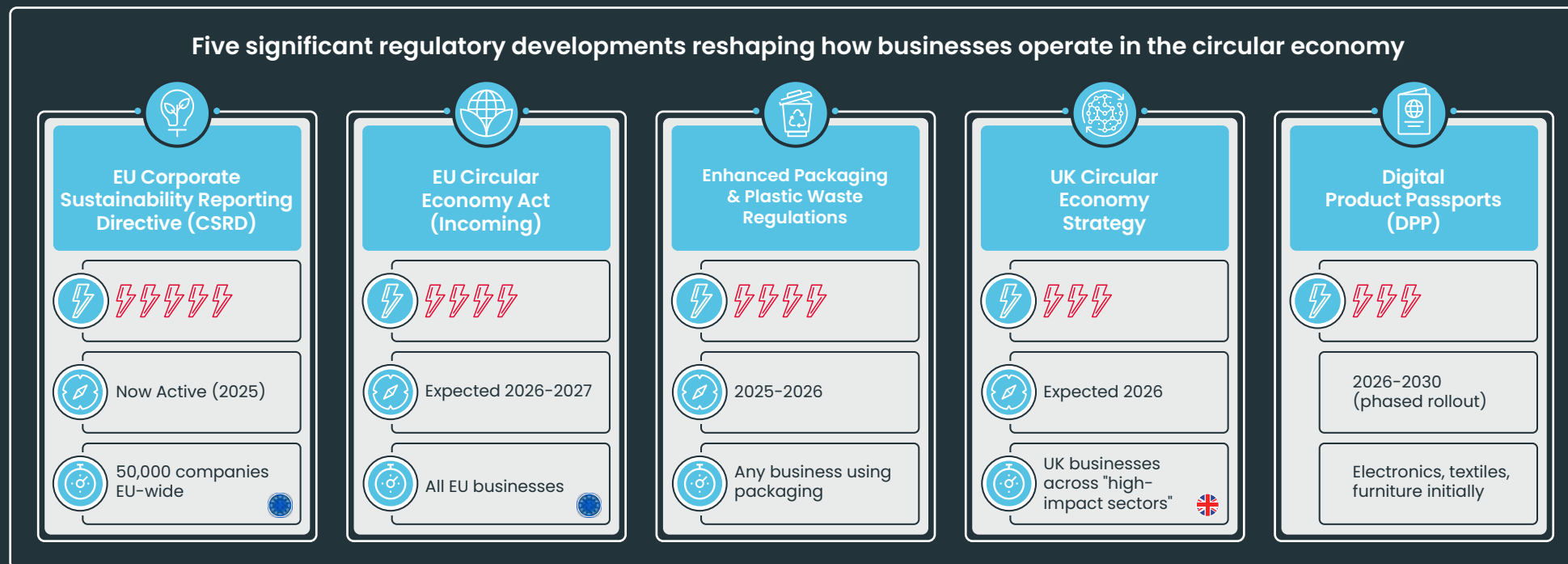
Meanwhile, those who delay face the opposite: regulatory risk, fragile supply chains, talent challenges, and disruption from circular-native competitors built for the future.

# The Regulatory Push is Accelerating

Businesses can no longer treat circular economy regulations as distant possibilities. Across multiple jurisdictions, governments are implementing sweeping changes that will fundamentally alter how products are designed, manufactured, sold, and disposed of. The regulatory environment is shifting from voluntary guidelines to mandatory compliance, with significant financial penalties for non-compliance.

The European Union is leading this charge with unprecedented ambition. The Circular Economy Action Plan represents the most comprehensive regulatory framework ever developed for transitioning away from linear business models. But this isn't just a European phenomenon – similar initiatives are emerging across major economies, creating a global regulatory tide that will affect virtually every multinational business.

## Five significant regulatory developments reshaping how businesses operate in the circular economy



EU Corporate Sustainability Reporting Directive (CSRD)

Now Active (2025)

50,000 companies EU-wide

What it does

The CSRD requires companies to report detailed sustainability performance, including circular economy risks, opportunities, strategies, and performance metrics. Unlike previous voluntary frameworks, this mandates standardised reporting across environmental, social, and governance factors.

Why it matters

This isn't just about disclosure—it's about accountability. Companies must identify circular economy-related risks and opportunities, develop strategies, establish performance metrics, and implement data collection systems. Investors, customers, and regulators will have unprecedented visibility into your circular performance.

The catch

Recent proposals in the EC's Omnibus Simplification Package suggest the CSRD may only apply to the largest companies (those with more than 1,000 employees), but don't get comfortable – supplier requirements mean smaller companies will still feel the pressure.

EU Circular Economy Act (Incoming)

Expected 2026–2027

All EU businesses

What it does

In 2024 Jessika Roswall, EU Commissioner for Environment , Water Resilience and a Competitive Circular Economy, outlined plans to integrate circular economy principles into broader EU policies, ensuring coherence between climate, industrial, and environmental regulations. This will create an overarching framework tying together all circular initiatives.


Why it matters


Think of this as the "master regulation" that will coordinate all other circular economy rules. It's designed to eliminate regulatory fragmentation and create a unified approach across member states.


The prep

While details remain under development, expect this to set binding targets for material recovery, product lifecycle extension, and waste reduction across major industries.


Enhanced Packaging & Plastic Waste Regulations








2025-2026




Any business using packaging

What it does




Current targets require a 65% overall recycling rate for packaging waste by December 31, 2025, with specific target recycling rates for different materials. New regulations will extend producer responsibility and mandate design-for-circularity requirements.

Why it matters




Extended Producer Responsibility (EPR) schemes are expanding rapidly. You'll be financially responsible for your packaging throughout its entire lifecycle—from design to disposal.


The practical impact




Expect significant cost increases for non-recyclable packaging, while circular design options become competitively advantageous. Some packaging formats may become economically unviable.


UK Circular Economy Strategy









Expected 2026




UK businesses across "high-impact sectors" 

What it does




The UK Government is planning to start consultation on a new Circular Economy Strategy in late 2025, outlining plans to reduce waste and recirculate materials across high-impact sectors.

Why it matters



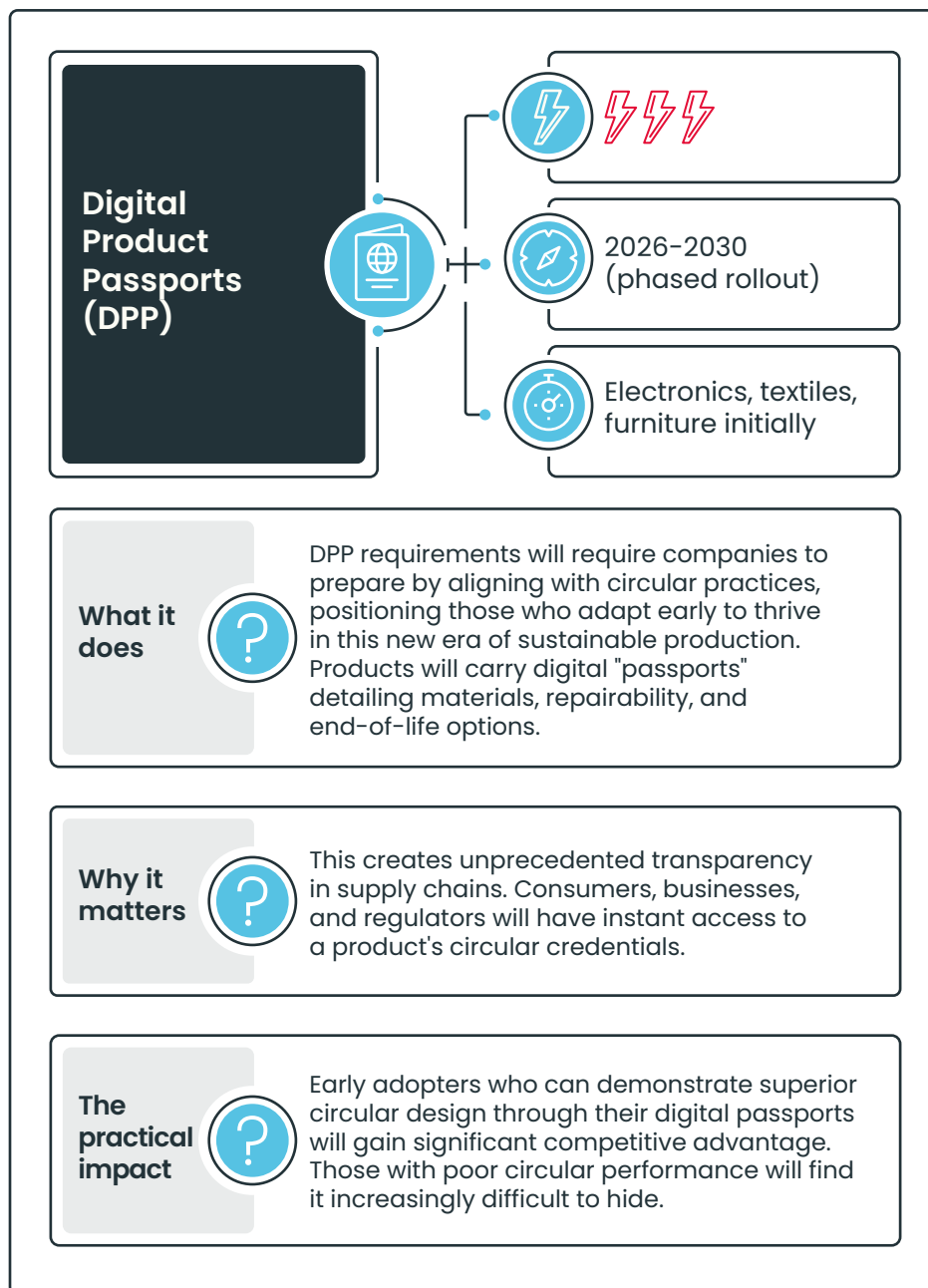
This represents the UK's post-Brexit approach to circularity, likely diverging from EU standards while maintaining trade compatibility. Expect sector-specific requirements rather than blanket regulations.

The unknown



Details remain scarce, but early indications suggest focus on construction, textiles, and electronics—sectors where the UK sees competitive advantage in circular innovation.





## What this means for your business

**These regulations aren't isolated events—they're part of a coordinated push toward circularity. Businesses won't need to comply with the new legislation until 2026 at the earliest, but now is the time to get to know the new legislation and monitor how it is transposed into national law.**

The winners will be companies that view these regulations not as compliance burdens, but as competitive advantages. Those who wait until the last minute will find themselves scrambling to catch up while their more prepared competitors are already reaping the benefits of circular business models.

**The bottom line:** Regulatory pressure is accelerating, but it's creating opportunities for those ready to seize them. The question isn't whether circular regulations are coming—it's whether you'll be ready when they arrive.

# Opportunities for Value Creation

## The market pull is strengthening

While regulatory push provides the baseline for change, market pull is creating the real commercial opportunities. Consumer attitudes, investor expectations, and B2B procurement requirements are shifting decisively toward circular solutions.



### Consumer demand is becoming mainstream

Research shows that 73% of UK consumers are willing to pay more for sustainable products, but more importantly, 68% now actively research a company's environmental credentials before making purchasing decisions. This isn't just conscious consumption – it's becoming the default consumer behaviour.



### Investor capital is flowing toward circular opportunities

ESG investing has moved from niche to mainstream, with over £2.3 trillion of assets under management in sustainable investment strategies in the UK alone. Circular business models are attracting premium valuations because they offer better risk-adjusted returns and alignment with long-term value creation.



### Procurement is embedding circular requirements

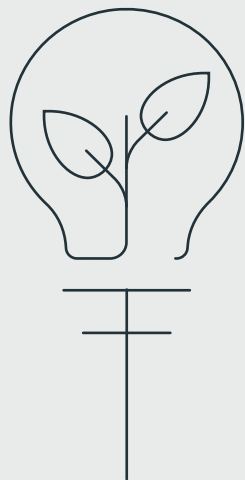
Large corporations are increasingly requiring circular credentials from their suppliers. Scope 3 emissions reporting means that major customers are evaluating suppliers based on their entire value chain impact. Supply chain access is becoming contingent on circular capabilities.



# The value creation sweet spots

There is already early evidence for specific value creation sweet spots emerging where circular innovation can deliver exceptional returns.

Through our work in this space, Cognosis is developing a library of circular business model innovation that details where and how new models are taking shape. Whether from new, disruptive start-ups, or large, global, traditionally linear businesses there is a growing evidence base for circular success.



## The Circular Business Model Innovation Library

1	2	3	4
<b>Anything-as-a-Service</b> Product ownership is retained, and use is offered through subscription or rental models.	<b>Circular Marketplaces</b> Platforms facilitate the exchange or use of 2nd-hand refurbished, or recycled products.	<b>Recovery Services</b> Closing the loop of product, component and material life cycles through recovery and reintegration.	<b>Enabling Services</b> Tools and platforms supporting circular models that allow the circular economy to function.
<b>Product-as-a-Service</b> Business retains ownership of product & customer pays for use over time. <b>Canon Interface</b> <b>PHILIPS</b> <b>Signify</b>	<b>Peer-to-Peer (P2P)</b> Individual sells or exchange their own products directly with each other. <b>depop</b> <b>Vinted</b> <b>Etsy</b> <b>Marketplace</b>	<b>Recycling</b> Products are broken down into raw materials & sold to manufacturers. <b>DS Smith</b> <b>TERRACYLE</b> <b>VEOLIA</b> <b>Biffa</b>	<b>Digital Platform &amp; Software</b> Talking product life cycles and managing inventory or facility sharing & trading. <b>teemill</b> <b>winnow</b> <b>Brambles</b> <b>COHEALO</b>
<b>Lease &amp; Renting</b> Products may be returned, upgraded, resold or bought after use. <b>Miele</b> <b>DAVID JORDAN</b> <b>xerox</b> <b>HURR</b>	<b>Business-to-Consumer (B2C)</b> Business takes ownership of 3rd-party products, refurbishing & selling them at lower prices. <b>THREDUP</b> <b>POSHMARK</b> <b>TheRealReal</b> <b>BackMarket</b>	<b>Remanufacturing</b> Components or products are recalled, refurbished & sold as 'like new'. <b>CAT</b> <b>cisco Refresh</b> <b>Renault Group</b> <b>GE HealthCare</b>	<b>Logistics &amp; Reverse Logistics</b> Facilitates product returns by specialising in collection and redistribution. <b>optoro</b> <b>Coca-Cola</b> <b>Happy Returns</b>
<b>Sharing / Peer-to-Peer</b> Individuals rent out underused products & services through a facilitating platform. <b>airbnb</b> <b>SpareRoom</b> <b>Vrbo</b> <b>Rover</b>	<b>Business-to-Business (B2B)</b> Platforms facilitate transactions or surplus materials, equipment or components. <b>Rheply</b> <b>TROV</b> <b>SATORI</b> <b>Globechain</b>	<b>Repair / Maintenance</b> Company repairs or maintains product whilst still under customer's ownership. <b>UNI QLO</b> <b>ifixit</b> <b>PHILIPS</b> <b>Apple</b>	<b>Consulting / Advisory</b> Design circular strategies to help businesses transition toward circularity. <b>cognosis</b> <b>BCG</b> <b>BAIN &amp; COMPANY</b> <b>CIRCLE ECONOMY</b>
<b>Subscription Services</b> Customers subscribe to regular use of different products with business retaining ownership. <b>RENT THE RUNWAY</b> <b>hp instant ink</b> <b>MICHELIN</b> <b>CIRCOOS</b>	<b>Collaborative Consumption</b> Company provides products for users to co-own or share. <b>lime</b> <b>forest</b> <b>BlaBlaCar</b>	<b>Take-Back Programs</b> Companies take back products and feed into any of the above. <b>IKEA</b> <b>NESPRESSO</b> <b>patagonia</b> <b>H&amp;M</b>	<b>Blockchain &amp; Traceability</b> Tracing products & materials across the supply chain to create transparency. <b>R&amp;C</b> <b>IBM Blockchain</b> <b>suez</b> <b>EVERLEDGER</b>

# Strategic implications for business leaders

**It would be naïve to think that these circular opportunities don't also come with risk. With multiple different innovative solutions, the danger of committing resource towards the wrong solution is as real as the opportunity of pursuing the right one.**

As businesses explore these circular opportunities, there are 4 key dynamics that are helpful to bear in mind:

1

## Early compliance becomes competitive advantage

Companies that exceed regulatory requirements build capabilities that become barriers to entry as regulations tighten. Over-compliance today creates under-competition tomorrow.

2

## Market positioning around value drives premiums

As circular requirements become table stakes, companies that authentically embrace circular principles can command premium positions. But this authenticity must be demonstrable – greenwashing risks are increasing as scrutiny intensifies.

3

## Platform effects favour early movers

Circular business models often exhibit network effects that strengthen over time. Marketplaces, service platforms, and ecosystem orchestrators gain advantages that compound, making early positioning crucial.

4

## Supply chain partnerships become strategic assets

As regulations require end-to-end visibility and responsibility, supply chain relationships become more strategic. Companies that build circular supply chain capabilities now will have access to partners and resources that latecomers struggle to secure.

# The urgency factor

**There is a window of opportunity that won't remain open indefinitely – early movers can shape markets and build advantaged positions, but as the transition accelerates, competitive spaces become more crowded and advantages harder to establish.**

The businesses that thrive will be those that see regulatory requirements not as constraints but as market-shaping forces that create new value creation opportunities. They'll move early, invest boldly, and build circular capabilities that turn compliance costs into competitive advantages.



# Real-world Circularity in Action

While the theory of circular business models can feel abstract, a growing number of established companies are proving that circularity isn't just possible - it's profitable. These pioneers are demonstrating that with the right approach, circular strategies can drive both environmental impact and commercial success.

The following case studies showcase three distinct approaches to circularity, each tailored to different industries and customer needs. What unites them is a willingness to fundamentally rethink their relationship with products, customers, and value creation.

1  DECATHLON

2  CATERPILLAR®

3  PHILIPS

## The common thread: Customer value first

**These three examples reveal a key insight: successful circular business models focus on customer value over environmental messaging. Each approach solved real customer problems – reducing costs, improving convenience, or delivering better outcomes – while environmental benefits followed naturally.**

Customers weren't asked to compromise on price, quality, or service. Instead, circular principles delivered stronger value propositions that also proved more sustainable. This has been critical to achieving the scale needed for real impact.

As these pioneers expand their models, they're not only reducing their own footprint but also proving that circular business can create competitive advantage in any industry willing to rethink how value is delivered.



## Pioneering the second-life economy

**French sporting goods retailer Decathlon has transformed what was once a cost centre-product returns and end-of-life management-into a thriving circular business model that now generates significant revenue streams.**



### The Challenge

Like most retailers, Decathlon faced mounting pressure from returned goods, damaged inventory, and growing consumer awareness about waste in the sports industry. Traditional approaches of liquidating or disposing of these products were both environmentally damaging and economically wasteful.



### The Circular Solution

Decathlon launched its "Second Life" programme, creating an integrated ecosystem that captures value at multiple points in the product lifecycle:

- **Trocathlon**  
A digital marketplace allowing customers to trade their used Decathlon products directly with other customers
- **Workshops and Repair Services**  
In-store facilities where customers can repair their equipment, extending product lifespans significantly
- **Rental Services**  
Offering high-value items like bikes and camping equipment for short-term use rather than purchase
- **Refurbishment Operations**  
Professional reconditioning of returned goods for resale at competitive prices



### The Results

The programme now handles over 1 million second-hand items annually across Europe, with refurbished products achieving margins comparable to new goods. Customer satisfaction scores for the circular services consistently exceed those for traditional retail, while the initiative has reduced waste by an estimated 40% across participating stores.



### Key Learning

Decathlon's success stems from treating circularity as a customer service enhancement rather than a sustainability obligation. By making circular options convenient and financially attractive, they've created demand rather than simply responding to it.



## Remanufacturing at industrial scale

**Heavy machinery manufacturer Caterpillar has been quietly perfecting circular business models for over four decades, demonstrating that circularity can work even in the most asset-intensive industries.**



### The Challenge

Construction and mining equipment represents significant capital investment for customers, while the manufacturing process is resource-intensive. Traditional linear models left substantial value locked in end-of-life equipment, while customers faced high replacement costs and long lead times for new machinery.



### The Circular Solution

Caterpillar's Cat Reman programme has evolved into a comprehensive circular ecosystem:

- **Component Remanufacturing**  
Systematic rebuilding of engines, transmissions, and hydraulic components to "like-new" specifications
- **Core Exchange Programme**  
Customers return used components in exchange for remanufactured parts, creating a continuous material flow
- **Product-as-a-Service Models**  
Equipment rental and performance-based contracts where Caterpillar retains ownership and responsibility for maintenance
- **Digital Monitoring**  
IoT-enabled equipment provides real-time performance data, enabling predictive maintenance and optimal timing for remanufacturing



### The Results

The remanufacturing operation now generates over \$2 billion in annual revenue, with remanufactured components typically priced 40–60% below new equivalents while delivering identical performance warranties. The programme has diverted millions of tonnes of material from waste streams while reducing manufacturing energy consumption by up to 80% for remanufactured components.



### Key Learning

Caterpillar's approach demonstrates that circularity works best when it solves real customer problems. By reducing costs, improving availability, and maintaining quality standards, their circular model has become the preferred choice for many customers, regardless of environmental considerations.

# PHILIPS

## From products to outcomes with light-as-a-Service

Healthcare and lighting technology company Philips has pioneered one of the most successful "anything-as-a-service" models, fundamentally changing how lighting is procured and managed in commercial settings. ●



### The Challenge

Traditional lighting procurement involved high upfront capital costs for customers, while manufacturers faced commoditised markets with limited differentiation. Energy efficiency concerns and rapid LED technology development made equipment obsolescence a growing issue for both parties.



### The Circular Solution

Philips' "Light-as-a-Service" model shifts from selling products to selling outcomes:

- **Performance Contracts**  
Customers pay for lighting outcomes (lux levels, energy performance) rather than equipment
- **Retained Ownership**  
Philips maintains ownership of all lighting infrastructure, incentivising long-term optimisation
- **Continuous Optimisation**  
Regular monitoring and adjustment of lighting systems to maintain optimal performance
- **End-of-Life Management**  
Systematic recovery and recycling of components when equipment reaches end-of-life
- **Upgrade Integration**  
Seamless technology updates without customer capital investment



### The Results

The model now serves major clients including Heathrow Airport and numerous municipal authorities. Customers typically achieve 30-50% reduction in lighting-related costs while improving lighting quality. Philips has secured long-term revenue streams (typically 10-15 year contracts) with higher margins than traditional product sales, while material recovery rates exceed 95%.



### Key Learning

Philips succeeded by aligning their interests with customer outcomes. By retaining ownership, they're incentivised to design for longevity, efficiency, and recyclability—creating a virtuous cycle that benefits both parties while dramatically reducing environmental impact.



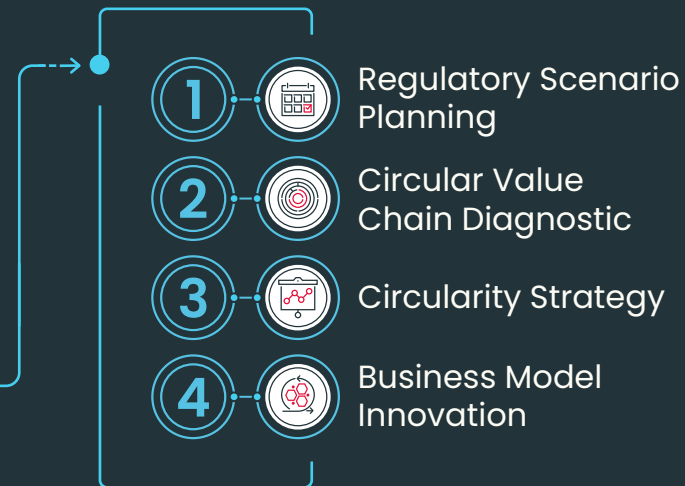
# Strategic Capabilities That Will Be Needed To Navigate The Circularity Journey

The transition to circular business models won't happen overnight, but it's already underway. The question is not if your business must adapt, but when and how. Most successful strategies start with small, focused steps that build momentum over time.

## The four pillars of circular capability

Every business is at a different stage. Some are just beginning to explore circular principles; others are piloting new models. The key is to assess honestly where you are today and take the next logical step.

To help, we've created a simply diagnostic which asks four core questions to guide your starting point, each leading to a specific action area:



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## Building capability integration

**These four capabilities are not standalone competencies but interconnected parts of a broader circular transformation. Regulatory scenario planning shapes sustainability strategy, which directs value chain diagnostics, revealing opportunities for business model innovation. Each capability strengthens and enables the others.**

Organisations that build these capabilities in parallel – integrating them into systems for navigating uncertainty, spotting opportunities, and driving transformation – will thrive. They will turn the complexity of circular transition from a barrier into a competitive moat against both traditional rivals and circular insurgents.



### Question 1

Does your business have a clear view of the sustainability and circularity regulations that could impact it?



### Regulatory Scenario Planning

Developing clarity on the possible impacts of sustainability regulations on your business

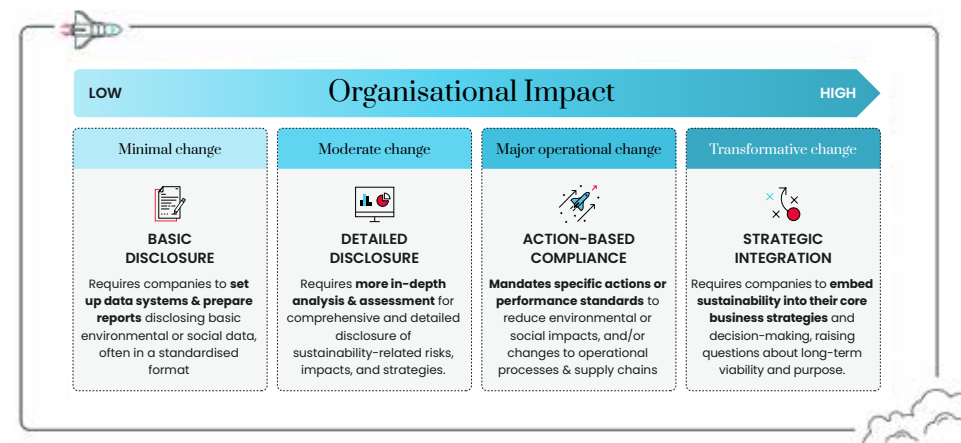
### Potential Implications

- > Anticipate compliance costs before they hit your bottom line
- > Position ahead of competitors caught off-guard by new regulations
- > Build resilience against regulatory uncertainty
- > Turn compliance obligations into market differentiators

## 1. Regulatory Intelligence & Scenario Planning

The sustainability and circularity regulatory landscape is complex, with regulations at different stages of development impacting different areas of industry to varying degrees. Traditional planning methods, built for stable conditions, are inadequate when facing a regulatory environment that is fragmented, fast-moving, and often unclear.

Seven out of ten executives see stricter future regulations as a major driver for their sustainability strategy and business model transformation initiatives. Yet few businesses have developed the capability to anticipate and prepare for multiple regulatory futures simultaneously.



Regulatory scenario planning goes beyond hypothetical exercises to deliver practical insights and commercial actions. The focus has shifted from monitoring and reporting towards demonstrating genuine progress on net zero pathways. Regulations will directly impact costs and reshape how products are packaged, sold, and recovered – businesses need to adapt now to avoid financial penalties and operational disruption.

This capability enables businesses to challenge linear thinking, align stakeholders around shared regulatory futures, and develop strategic options in advance. Rather than reactive compliance, organisations can turn regulatory uncertainty into strategic advantage by building robust options that prepare them to lead through disruption rather than lag behind it.

### What this looks like in practice:

- Developing multiple future scenarios for your industry's regulatory trajectory
- Creating strategic options that remain viable across different regulatory outcomes
- Building cross-functional alignment between sustainability, legal, commercial, and operational teams
- Establishing monitoring systems to track regulatory developments and trigger decision points



## Question 2

Has your business assessed the potential role for circular business model within your value chain?



## Circular Value Chain Diagnostic

Assessing the opportunities and risk that circular business models present to your value chain

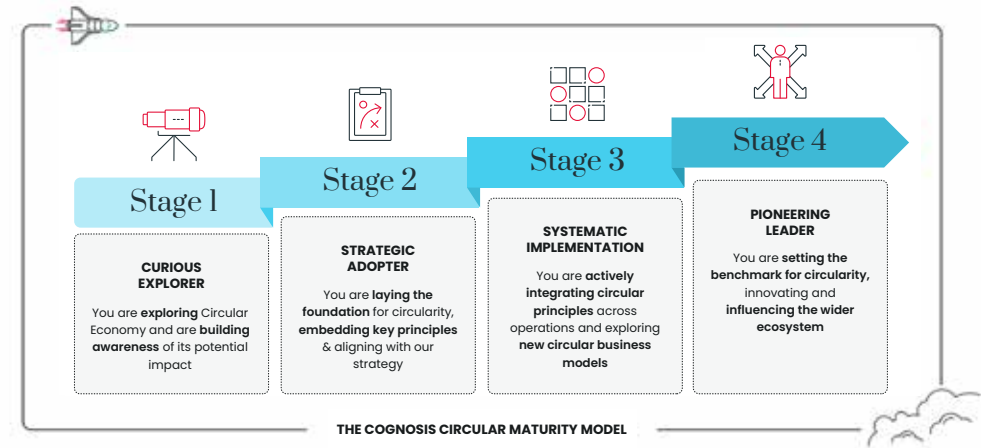
### Potential Implications

- > Pinpoint hidden waste streams costing your business
- > Uncover supply chain vulnerabilities before they disrupt operations
- > Map resource flows to identify circular intervention points
- > Quantify the business case for circular investments

## 2. Circular Value Chain Diagnostic

You cannot transform what you haven't measured. Most businesses remain in the exploratory phase of their circular journey, with no formal strategy, limited investment, and fragmented engagement. This capability involves systematically benchmarking current practices and performance against industry best practice, surfacing gaps, risks, and untapped opportunities across the entire value chain.

There's a spectrum of circular maturity, from pioneers to those just starting out. Most businesses remain in the exploratory phase. Without a clear view of today's reality, the path forward remains unclear.



The diagnostic approach encompasses both linear value chain optimisation and the identification of entirely new business model opportunities. It provides visibility into existing operations to identify inefficiencies, reduce waste, and unlock immediate cost and resource savings without starting from scratch. Simultaneously, it reveals untapped opportunities to redesign products, services, and business models using circular principles.

This capability transforms circularity from a compliance risk into a competitive edge by anticipating regulation, closing strategic gaps, and positioning organisations to lead their category. The insights enable businesses to prioritise where to act and how to unlock both commercial and environmental value.

### What this looks like in practice:

- Comprehensive mapping of material and resource flows across your value chain
- Benchmarking against circular economy best practices and industry leaders
- Quantifying waste streams and inefficiencies to identify quick wins
- Assessing readiness for circular business model innovation
- Creating prioritised roadmaps that balance immediate optimisation with longer-term transformation



### Question 3

Has your business developed a circularity strategy integrated into overall business strategy?



### Circularity Strategy

Building strategies using circular business model to deliver customer value & competitive advantage

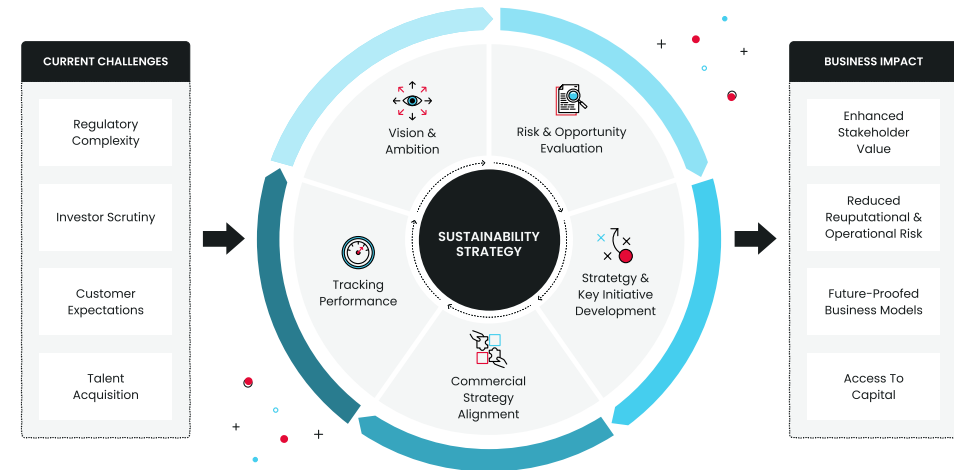
### Potential Implications

- > Define your competitive positioning in the circular economy
- > Align sustainability goals with commercial objectives
- > Create roadmap for systematic transformation
- > Build stakeholder confidence through clear circular vision

## 3. Integrated Sustainability Strategy

Many organisations respond to sustainability pressures with tactical, unconnected initiatives – with limited impact on strategy, innovation, or growth. The capability to fully integrate sustainability into commercial strategy, planning, and innovation creates competitive advantage and prepares organisations for a fast-evolving regulatory landscape.

Done right, sustainability becomes a catalyst for innovation, long-term growth, and commercial success. This requires moving beyond tick-box exercises to create genuine alignment between environmental priorities and business commercial outcomes.



The strategic integration capability enables clearer decisions, sharper focus, and long-term value creation. It builds resilience against climate impacts, regulatory shifts, and investor scrutiny while positioning sustainability initiatives to enhance brand trust, meet stakeholder expectations, and unlock new opportunities.

Most critically, this capability transforms sustainability challenges into innovation catalysts. By leveraging circular economy principles to reimagine business models, identify efficiencies, and develop competitive advantages, organisations turn constraints into opportunities for differentiation.

### What this looks like in practice:

- Embedding sustainability metrics into core business performance frameworks
- Aligning sustainability goals with commercial strategy and innovation pipelines
- Creating governance structures that integrate sustainability decision-making across functions
- Developing sustainability-driven innovation processes that generate new revenue streams
- Building capabilities to measure and communicate both environmental and commercial impact



#### Question 4

Has your business developed an approach for trialing new business models?



#### Business Model Innovation

Developing the capabilities to rapidly assess and trial new business models

#### Potential Implications

- > Unlock new revenue streams from circular approaches
- > Transform cost centres into profit generators
- > Create customer lock-in through service-based models
- > Scale circular solutions for exponential growth potential

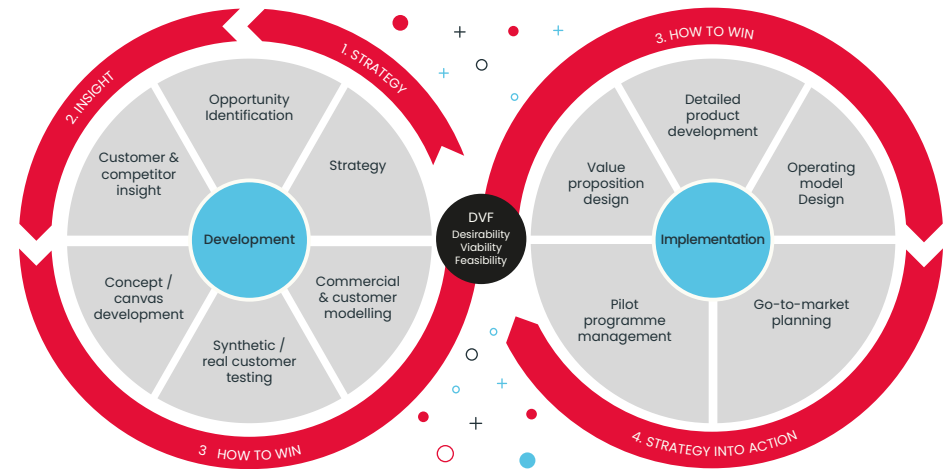
## 4. Circular Business Model Innovation

Business model innovation is not merely a choice but a necessity for long-term growth and relevance. The circular economy requires fundamentally new approaches to value creation, moving beyond optimising existing linear models to designing entirely new ways of doing business.

Fifty-two percent of organisations are unprepared to handle the rapid pace of change in today's economic environment, yet circular transformation demands exactly this capability. Traditional business models, optimised for linear take-make-dispose systems, must evolve to capture value from reuse, repair, remanufacturing, and recycling.

This capability blends creativity and innovation with deep commercial know-how. It requires access to pioneer learning – insights from those who have already tried, failed, pivoted, and possibly succeeded in circular business models. The most valuable insights come from understanding both the successes and failures of circular economy pioneers.

The innovation process must balance creative, consumer-led thinking with rigorous commercial understanding. This includes frontier commercial modelling that explores financial viability at pilot, growth, and scale phases, quickly highlighting critical barriers to success or failure.



#### What this looks like in practice:

- Systematic exploration of circular business model archetypes relevant to your industry
- Access to global networks of circular economy pioneers and expert insights
- Rigorous design processes that test desirability, viability, and feasibility
- Multi-stage financial modelling from pilot through to scale
- AI-enabled tools for concept generation, consumer research, and market analysis
- Robust stage-gate processes that ensure only commercially viable innovations progress

# The Final Word

When we look back in 2050 or 2060, we may wonder how the world ever functioned in a linear way. Circularity will be the norm - and business will have led the change. Yet we might also reflect that the transformation wasn't easy or straightforward. How many companies from 2025 will have lasted the distance?

The evidence is clear: the circular economy represents both an existential necessity and the greatest commercial opportunity of our time. With humanity using 1.7 times more resources per year than our planet can regenerate, and 50% of executives expecting circularity to become the new normal within the decade, the question is not whether this transformation will happen - but who will shape it and who will be shaped by it.

## The path forward: Three critical decisions

Every leadership team must make three fundamental decisions about their circular future:

1

### Will you lead or follow?

The leaders will shape the new rules of their industries. They will define what circular excellence looks like. They will capture the best talent, partnerships, and investment opportunities. The followers will operate within constraints set by others, competing on efficiency rather than innovation. There is no sustainable middle ground.

2

### Will you optimise or transform?

Linear value chain optimisation - improving recycling, reducing waste, increasing efficiency - is necessary but insufficient. The real opportunity lies in business model innovation that creates entirely new sources of value. Both approaches are needed, but the companies that focus only on optimisation will find themselves disrupted by those that embrace transformation.

3

### Will you build capabilities or buy solutions?

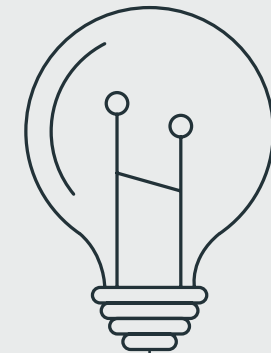
The circular economy cannot be solved through technology alone or consultancy engagements alone. It requires building internal capabilities for navigating uncertainty, identifying opportunities, and executing change. These capabilities become your competitive moat and your insurance policy against an unpredictable future.

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## The moment of choice

**This is not the moment to panic, but it is the moment to act. Most large legacy businesses are still at the start of this journey, and the revolution won't happen overnight. But the foundational work - building capabilities, developing strategies, launching pilots - must begin now.**

The future will be circular. The question is whether you will help create that future or be created by it. The time for preparation is now. The time for transformation is upon us.







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Daniel is passionate about turning bold innovation into real-world impact. With deep experience across strategy, innovation and transformation, he helps businesses develop and deliver future-fit models that drive long-term growth.

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# About Cognosis

## We're a London-based strategy consultancy

We unlock business potential by creating strategies that drive long-term growth.

For over 25 years, we've been igniting growth across more than 60 countries with some of the world's most ambitious companies.

Our award-winning approach to business model innovation development has underpinned successful programmes with some of the world's most trusted brands including AB InBev, AkzoNobel, McCormick & Company, Diageo, Hiscox, Three Mobile and DS Smith amongst many others.

## What we do

### BUSINESS STRATEGY

- > Strategy Development
- > Strategy Implementation
- > Competitor Strategy
- > Scenario Planning

### INNOVATION

- > Business Model Innovation
- > Brand, Product & Services Innovation
- > Value Proposition Development
- > Circular Innovation

## Who we work with

AB InBev

Entain

DIAGEO

AkzoNobel

arco  
Experts in Safety

ecOSURETY

IG

Dr. Air-Wair  
Marlens

HISCOX

Lenovo

LVMH

Scholl

Staysure

Mc

DS  
Smith