### **OÖ UMWELTKONGRESS 2024**

# **ZURÜCK IN DIE ZUKUNFT**

Circular Society: mehr als ein ökologischer Perspektivenwechsel

#### Dienstag, 15. Oktober 2024

Session 3: Kreisläufe für eine lebenswerte Zukunft Dinge für Kreisläufe öffnen Cradle to Cradle mit konsequenter Innovation in die Zukunft

Referentin: Julia Schmitt Institute for Inegrated Quality Design (IQD) an der Johannes Kepler Universität Linz







## CRADLE TO CRADLE – MIT KONSEQUENTER INNOVATION IN DIE ZUKUNFT

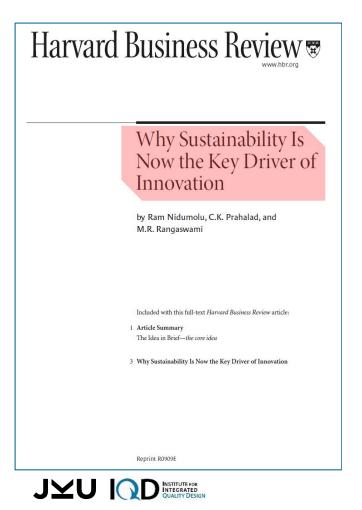


**Dr. Julia Schmitt** Institute for Integrated Quality Design (IQD), Johannes Kepler Universität Linz (JKU)

OÖ Umweltkongress, 15.10.2024



### SUSTAINABILITY THE KEY DRIVER OF INNOVATION

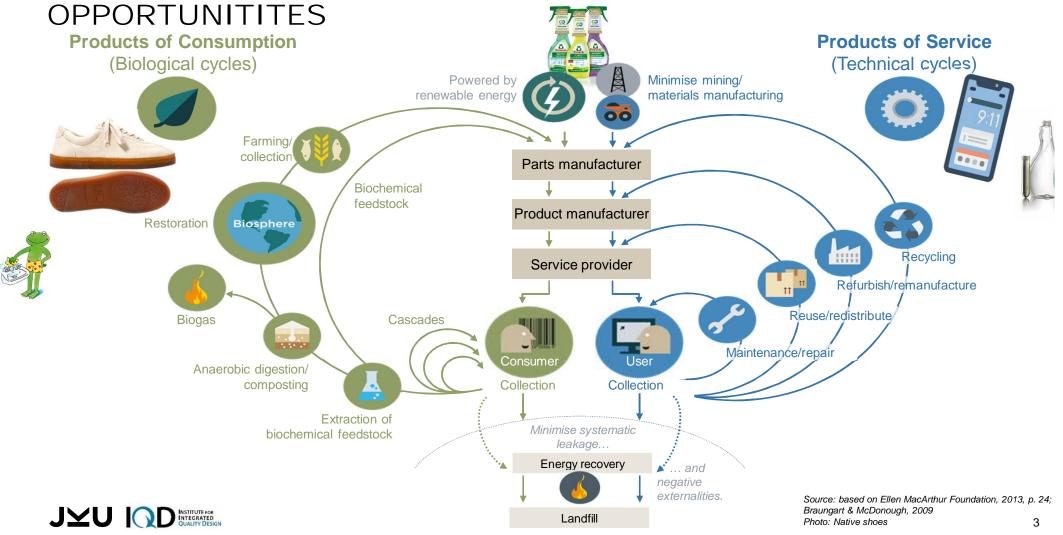


- 1. New sustainability-related **compliance demands** become opportunities for innovation
- 2. Value chains need to be optimized for sustainability
- 3. Existing **product/service offerings** need to be redesigned; and new ones developed
- 4. New business models need to be developed
- 5. Sustainability lens helps **questioning dominant business logic** and develop radical new solutions

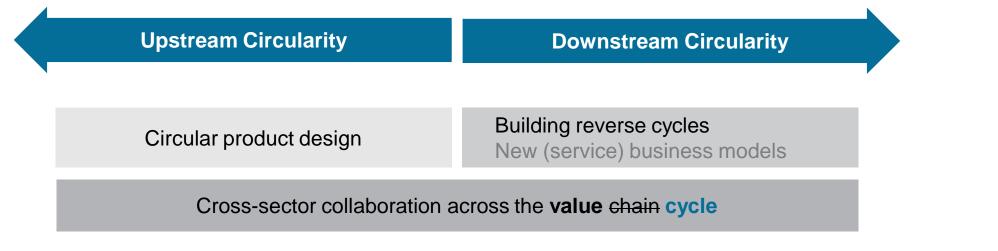
Source: Nidomolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). Why Sustainability Is Now the Key Driver of Innovation. *Harvard Business Review*, 87(9).

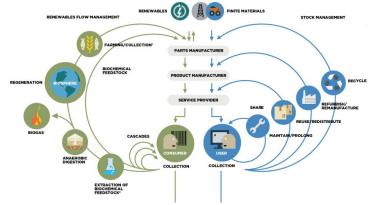
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## THE CIRCULAR ECONOMY OFFERS HUGE INNOVATION



## INNOVATION OPPORTUNITIES IN THE CIRCULAR ECONOMY



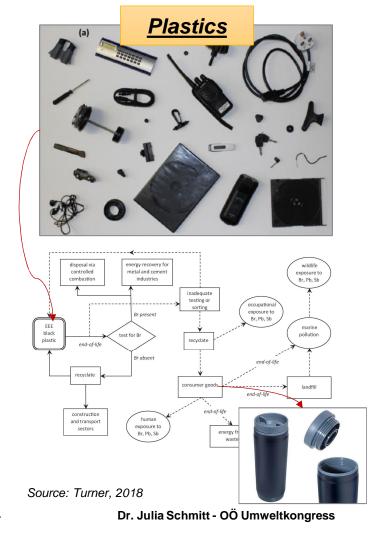




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### SUBSTANCES OF CONCERN IN MATERIALS AS BARRIERS TO (RE)CYCLING







Seeing each other twice!

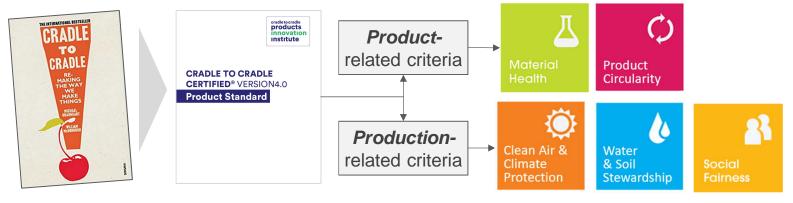
"all the stages and processes involved [at the recycling plant] are affected by worrying levels of pollutants, especially mercury vapors"

(Source: Zimmermann et al. 2014)

### CRADLE TO CRADLE BASED CIRCULAR ECONOMY

- Continuous cycling in biological and technical metabolisms is hampered as products, components, and materials were not designed for a CE and contain substances of concern (SoC; e.g. toxins)
- Cradle to Cradle (C2C) focuses on material circularity and health:
  - □ Requirement to **specify** all **material content** above the 100-ppm threshold. It is 10 fold **stricter than REACH** and includes wider range of SoC
  - $\Box$  969 certified products by 531 firms.







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### THE ROLE OF CRADLE TO CRADLE IN A CIRCULAR ECONOMY

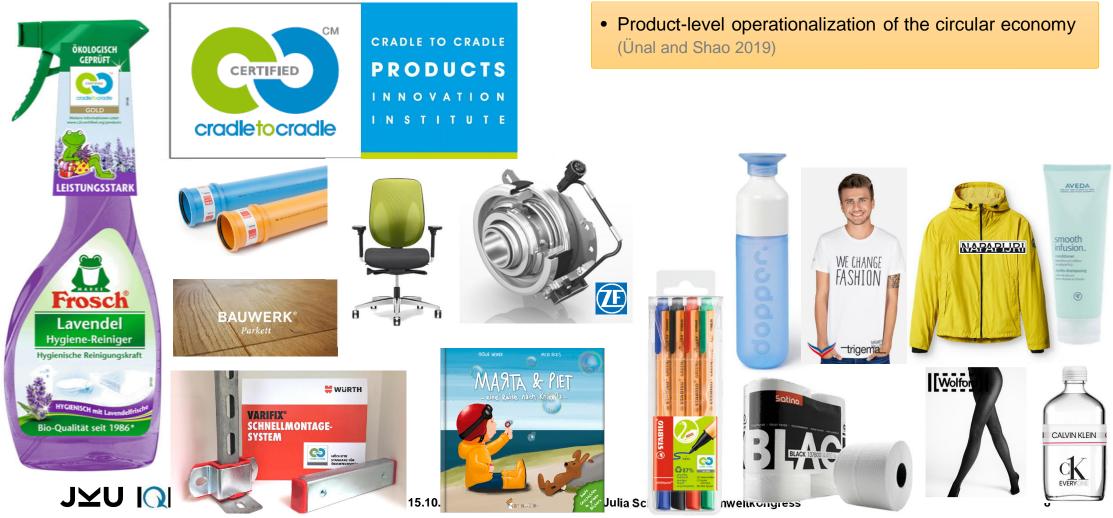
"In an economic sense, the circular economy puts the 're' back into resources. We are gratified to see Cradle to Cradle becoming mainstream, especially as the ideas of the circular economy are spreading," McDonough — co-creator (with Dr. Michael Braungart) of the Cradle to Cradle® design framework and Chair of the World Economic Forum's Meta-Council on the Circular Economy — says. "The circular economy involves <u>healthy materials</u> that improve over time in defined systems, industrial ecologies, and use periods. Cradle to Cradle defines the quality of the circular economy, including renewable energy, clean water, and social fairness in the mix. We are talking about the triple top line: revenue for business, the environment, and people, whereby we are treating them with dignity and respect."

Source: http://www.sustainablebrands.com/news\_and\_views/products\_design/sustainable\_brands/mcdonough\_unveils\_icehouse\_designed\_illustrate\_inn (accessed: 20.1.2016)



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## CRADLE TO CRADLE-CERTIFIED AS EXEMPLAR OF SUSTAINABLE PRODUCT INNOVATION

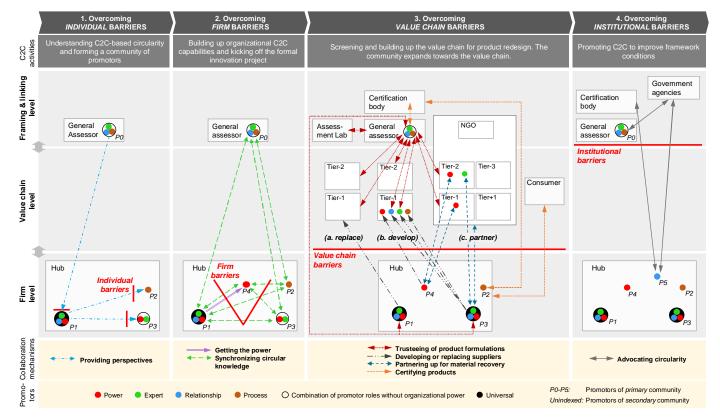


### FIRST C2C PROJECT @ IQD

Project title:	CRADLE TO CRADLE INNOVATION PROCESSES (CCIP)
Objective:	Understand the influence of the C2C Certified standard on innovation to gain in-depth knowledge of C2C innovation processes
Team:	Dr.Prof. Dr.Julia SchmittErik Hansen
Participating companies:	Werner & Mertz GmbH Gugler* [Wolford]
Timeframe:	2015-2020



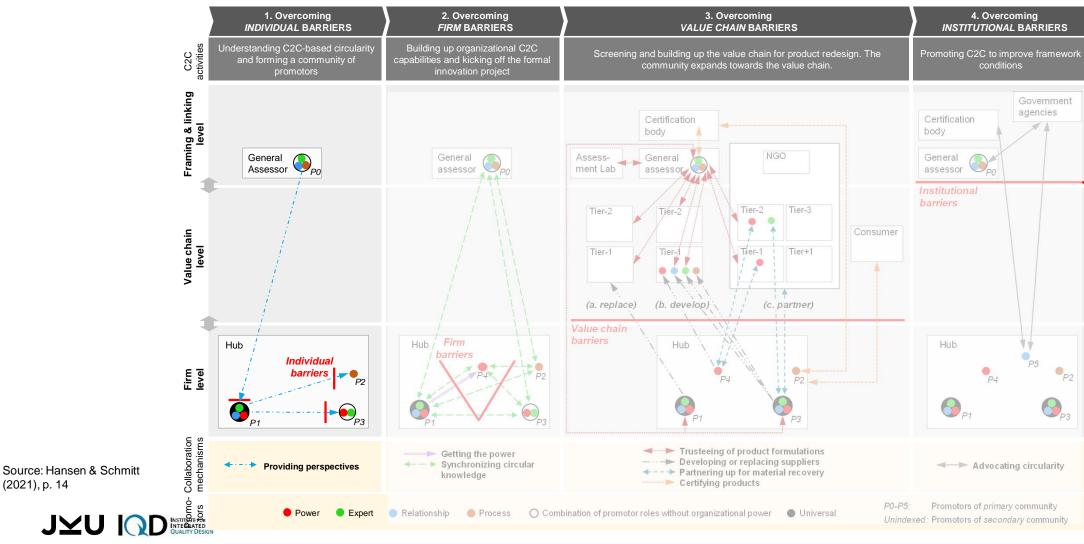




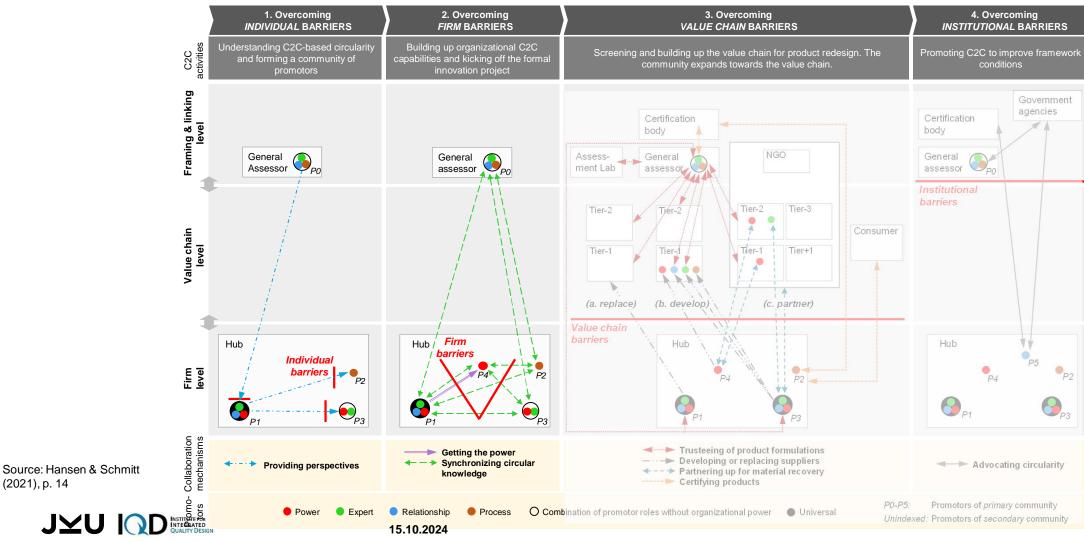
Source: Hansen, E. G., & Schmitt, J. (2021). Orchestrating Cradle-to-Cradle Product Innovation Across the Value Chain: Innovation Community Evolution, Collaboration Mechanisms, and Intermediation. *Journal of Industrial Ecology*, 1–21. <u>https://doi.org/10.1111/jiec.13081</u>. *Available soon:* Schmitt & Hansen (2022). "Erfolgsfaktoren für Cradle-to-Cradle Innovationen. https://doi.org/10.35011/igd.2022-01

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(2021), p. 14



(2021), p. 14



## PHASE III: COLLABORATION MECHANISMS TO OVERCOME VALUE CHAIN (CYCLE) BARRIERS

III. Overcoming VALUE CHAIN BARRIERS C2C activities Screening and building up the value chain for product redesign. The community expands towards the value chain. Framing & linking level Assess-General ment Lab assessor Tier-2 Tier-2 Value chain Ievel Tier-1 Tier-1 (a. replace) (b. develop) Value chain barriers Hub Firm level P2 Frosch P3

•• Mechanism M4: Trusteeing of product formulations

Coordinating non-disclosure agreement (NDA)-secured information sharing of material compositions to achieve required material transparency in the value chain.

Class	Name	Description
А	Optimal	The material is ideal from a Cradle to Cradle perspective for the product in question.
В	Optimizing	The material supports largely Cradle to Cradle objectives for the product.
С	Tolerable	<b>Moderately problematic properties</b> of the material in terms of quality from a Cradle to Cradle perspective are traced back to the ingredient. The material is still acceptable for use.
X	Not acceptable	<b>Highly problematic properties</b> of the material in terms of quality from a Cradle to Cradle perspective are traced back to the ingredient. The optimization of the product requires phasing out this ingredient or material.
Grey	Not characterised	This material <b>cannot be fully assessed</b> due to either lack of complete ingredient formulation, or lack of toxicological information for one or more ingredients.
Banned	Banned	BANNED FOR USE IN CERTIFIED PRODUCTS This material <b>contains one or more substances from the Banned list</b> and cannot be used in a certified product

Mechanism M5: Developing or replacing suppliers

Sharing knowledge with suppliers to develop their circular capabilities. In case of lacking cooperation in the innovation project, components are omitted or suppliers replaced.



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Dr. Julia Schmitt - OÖ Umweltkongress

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## PHASE III: COLLABORATION MECHANISMS TO OVERCOME VALUE CHAIN (CYCLE) BARRIERS

III. Overcoming VALUE CHAIN BARRIERS C2C activities Screening and building up the value chain for product redesign. The community expands towards the value chain. Framing & linking level NGO Assess-General ment Lab assessor Tier-2 Tier-3 Tier-2 Tier-2 Value chain level Tier-1 Tier-1 Tier-1 Tier+1 . 🔺 (a. replace) (b. develop) (c. partner) Value chain barriers Hub Firm level Frosch 

#### Mechanism M4: Trusteeing of product formulations

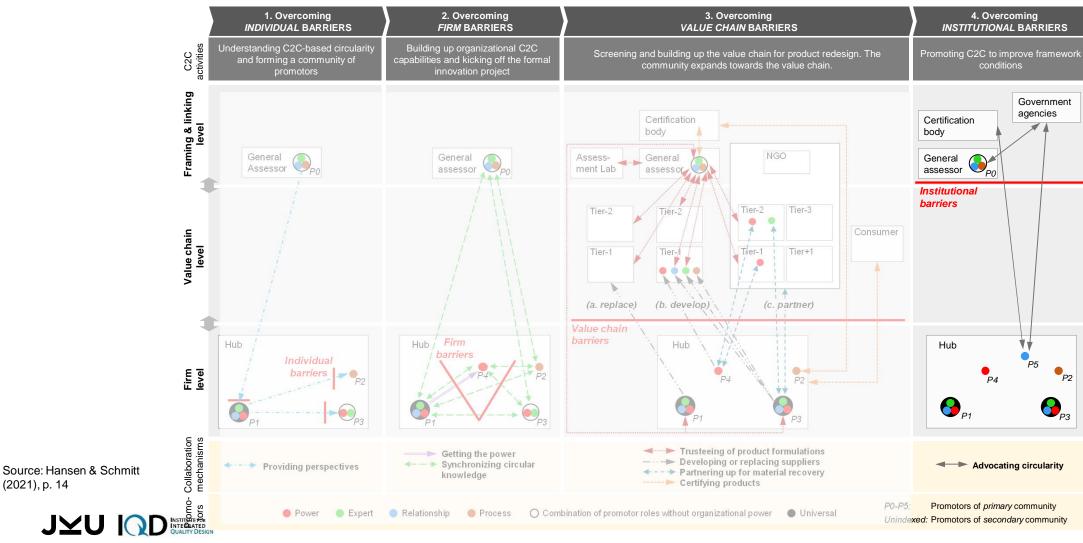
Coordinating non-disclosure agreement (NDA)-secured information sharing of material compositions to achieve required material transparency in the value chain.

#### ← - ► Mechanism M6: Partnering up for material circularity

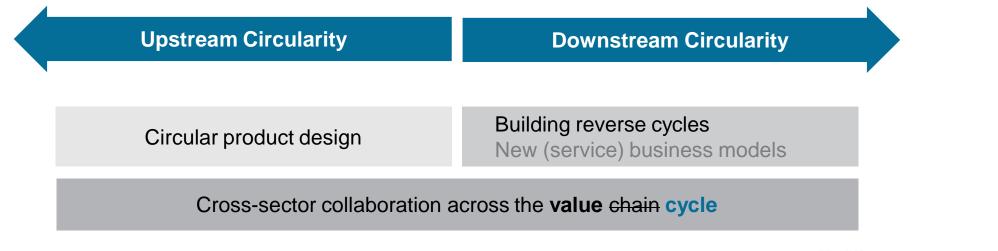
Building partnerships with organizations to recover and reprocess products and their inherent components and materials with the goal to keep them circulating in the same value chain (i.e. closed loops).

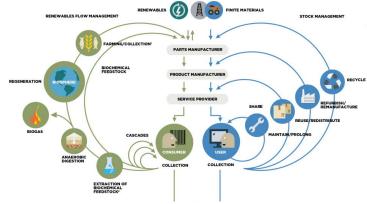


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## INNOVATION OPPORTUNITIES IN THE CIRCULAR ECONOMY







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### **CIRCULAR BUSINESS MODEL PATTERNS & SERVITISATION**

Barriers, Unleashing								
Potentials			a state					
acatech/Circular Economy Initiative Deutschland/SYSTEMIQ (Eds.)	A COLORING COLORING							
Busin	Business Model Patterns Overview							
Acto Main		ld	Business Model Pattern	Service Level (Sub Pattern)				
				Product- oriented	Use- oriented	Result- oriented		
Suppli	cules/	Al	Circular Rawmaterial Supplier	Molecule & Material Recycling	Material Bank	-		
Mater	ials)	A2	Process Molecule Service Provider		Molecule & Material Leasing	Molecule & Material Performance		
Suppli	ine 💽	B1	Machine/Component "As New"	Machines/Compo- nents "as New"	Rental Machines/ Components "as New"	Pay per Reman Machine-Performance		
buildie	ng) 🥳	<b>B2</b>	Machine/Component Remarketing	Used Machines/ Components Sales	Rental Machines/ Components	→ see B1 Pay per Remai Machine-Performance		
Produ	cer 🔬	C1	Proprietary Material Cycles	Waste Cherry Picking	Material Bank Partnership	-		
	() ()	C2	Product "As New"	Selling Products "as New"	Product Leasing "as New"	→ see C6 Total Care Producer		
and the second se	6)	C3	Used Product Remarketing	Used Product Sale	-	-		
	8	C4	Out-of-Warranty Repair Service	On-Demand Repair	→ see C6 Leasing Producer	→ see C6 Total Care Producer		
	8	🤌 <mark>C5</mark>	Upgrades, Spares & Accessories	Modules & Accessories Shop	Upgrade Subscription	-		
	0	C6	Maximising Product Uptime	Fee-based Maintenance	Leasing Producer	Total Care Producer		
Retail	er &	DI	Retailer as Cycle Manager	Retailer as Cycle Manager	→ see C1 Material Bank Partnership	-		
	Ö	D2	Retail Remarketing & Reman	Used Goods on Sales	Rent-a-Wreck Fleet Manager	-		
	ē	D3	One-Stop Shop (Retail)	Integrated Service Point	Rental Retail	Total Care Retail		
Repair	r Provider	El	Repair Gap Exploiter	Repair Transaction	Repair-based Rental	-		
Prosur	ner 🧕	FI	Prosumer Support System	Do-it-Yourself Repair	Peer-to-Peer Sharing	-		
Logist Provid	ics	G1	Material Reverse Logistics		-	Pay per Recycling Logistics Performance		
		C2	Refurb Logistics Services		-	Pay per Refurb Performance		
	8	G3	Spare Part Management	-	-	Pay per Spare Part Performance		
Recov	ery	н	Revitalised Products	Used Good Bargain	-	-		
	ă	H2	Coordinator of Informal Collection	Fair-trade Recyclate	-	-		
Intern	rediary	n	Recycling Platform	Recycling Platform	-	-		
	Ö	12	Used Goods & Sharing Platform	Used Good Platform	Sharing Platform	-		

			Actor's Main Role	Circular Strategy	Id	Business Model Pattern	Service Level (Sub Pattern) Servitisation		
							Product- oriented	Use- oriented	Result- oriented
			Supplier (Molecules/ Materials)		A1	Circular Rawmaterial Supplier	Molecule & Material Recycling	Material Bank	-
	Result- oriented - Molecule & Material Performance		Materials	2	A2	Process Molecule Service Provider	-	Molecule & Material Leasing	Molecule & Material Performance
thines/ ts "as New" thines/ ts i ank	Pay per Reman Machine-Performance → see B1 Pay per Reman Machine-Performance	J	Supplier (Machine	$\bigcirc$	<mark>B1</mark>	Machine/Component "As New"	Machines/Compo- nents "as New"	Rental Machines/ Components "as New"	Pay per Reman Machine-Performance
sasing	→ see C6 Total Care Producer		building)	$\bigcirc$	B2	Machine/Component Remarketing	Used Machines⁄ Components Sales	Rental Machines/ Components	→ see B1 Pay per Reman Machine-Performance
ubscription	Care Producer - Total Care Producer -		Producer		<mark>C1</mark>	Proprietary Material Cycles	Waste Cherry Picking	Material Bank Partnership	-
ership rck Fleet ail	- - Total Care Retail			5	C2	Product "As New"	Selling Products "as New"	Product Leasing "as New"	→ see C6 Total Care Producer
ed Rental	- - Pay per Recycling			$\bigcirc$	C3	Used Product Remarketing	Used Product Sale	-	
	Logistics Performance Pay per Refurb Performance Pay per Spare Part Performance -			8	<mark>C4</mark>	Out-of-Warranty Repair Service	On-Demand Repair	→ see C6 Leasing Producer	→ see C6 Total Care Producer
	-			🚫 🤔	C5	Upgrades, Spares & Accessories	Modules & Accessories Shop	Upgrade Subscription	-
:form		I		2	C6	Maximising Product Uptime	Fee-based Maintenance	Leasing Producer	Total Care Producer
			Retailer & Service Points		D1	Retailer as Cycle Manager	Retailer as Cycle Manager	→ see C1 Material Bank Partnership	
Recycle Reman Reuse Repair Upgrade Maintain Source: acatech/CEID 2021, based on Hansen et al. 2020.									d on Hansen et al. 2020. <b>17</b>

### SUCCESS FACTORS FOR IMPLEMENTING CRADLE TO CRADLE



- Identify employees who are motivated for sustainability and a CE
  - $\Box$  Give them freedom to innovate
  - □ Provide guidance through firm strategies and purpose
- Redesign products and business models for a CE:
  - □ **Redesign** products from scratch make them modular!
  - □ **Transparency** of materials and substances
  - Support circular strategies through digitalization and fitting business models
- Get value chain cycle on board:
  - □ Supplier development and
  - □ **Customer awareness** for a CE
- Don't lose courage in face of setbacks an innovation process consists of trial and error!



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### CCIP: PROJECT REPORT "CRADLE TO CRADLE INNOVATIONSPROZESSE"

**DIE AUTOREN** 



Erfolge

Wolford

Beständigkeit

Neues Wissen anwend

Abbildung 5 • Praktiken zur Aufnahme von Cradle to Caradle in ihr Unternehme

Kurzzusammenfassung

Hintergrund Forschungsprojekt Forschungsprojekt und Partnerfirmen

Umsetzungsempfehlungen

Projektergebnisse: Praktiken und Akteure

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Einschränkungen = Kreativität

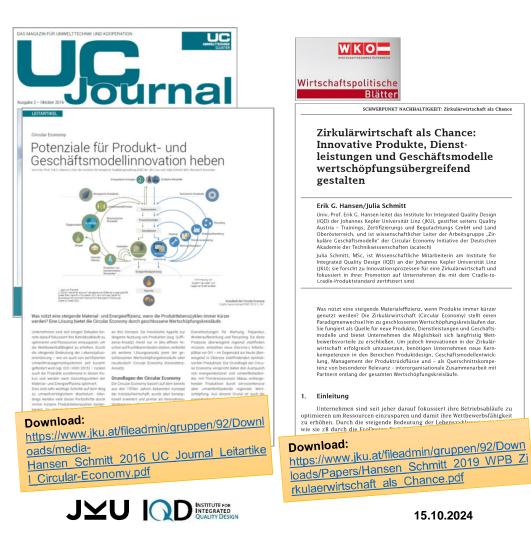
Neues Wissen versteher

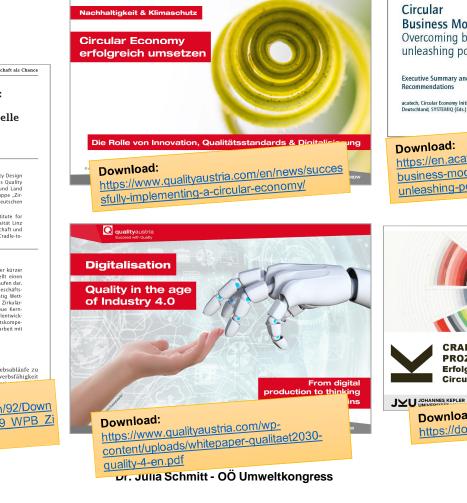
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Mentale Haltungen der Mitarbeite

### EXPLORE MORE PRACTITIONER REPORTS BY THE IQD

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Q qualityaustria

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**Circular Economy** 





https://doi.org/10.35011/iqd.2022-01 Download:

### GETTING IN TOUCH



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<u>R<sup>®</sup> https://www.researchgate.net/profile/Julia Schmitt6</u>



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