

The circular economy - What's in it for the waste industry?

The first Resource event took place in London from 4th to the 6th March 2014, where all the sectors of the supply chains, from design to waste management met for discussing and sharing what the circular economy means in practice. According to the organisers, about 10,000 professionals registered their interest to the exhibition, conference and the 12 workshops over the three days event. The first thing that struck me while going there was the relative absence of the waste industry. This was a clear message that the waste industry is becoming an integrated part of the supply chain rather than just a separate sector dealing with unwanted stuff from society. This was a Resource event after all. It was quite exciting to see the various sectors sharing issues regarding resources availability and how to optimise them. This event gave us a glimpse of what society might look like in the not so distant future: a society where waste managers, designers and manufacturers collaborate to ensure that what is reusable or recyclable is actually reused or recycled. A society where waste management is not just about collection and (final) treatment of waste, but about materials that can be returned to the economy.

The rather unique line-up of 100 high level speakers was a clear signal that the circular economy is starting to permeate through the collective mind of key movers and shakers. From the waste industry point of view, this evolving landscape could be perceived as a threat; less waste is produced = less income, or as an opportunity; the waste sector becomes an integrated part of the supply chain and its success, and profit, is measured by minimising waste generation.

To survive in the circular economy, the waste industry must rethink its business model and become an active partner of the circular economy, not just a "bin mover".

Today, some key players of the UK waste industry are already redefining their business where the move towards circularity is becoming a core element of the waste management services they offer to their clients. What does that mean in practice? This means identifying and learning about the different levels of the circular economy. The higher the levels are closer to circular thinking (extract secondary material, re-manufacture, distribute, use, re-use, return), while the lower levels are closer to the traditional linear systems (extract, manufacture, distribute and dispose). Once the levels are identified, it is possible to position oneself on the "circularity ladder". The following step is to raise awareness and train the staff at all organisational levels, in order to get acquainted with the level of circularity and to understand where the organisation should be going strategically. Interestingly, but not surprisingly, this was first undertaken internally, including sales staff, in one of the leading waste management companies in the UK.

With a clearer understanding of what circularity means, the waste industry is now in a position to offer a new suite of services to their clients, for all organisational levels, regarding the soft end of waste management (changing behaviour, involvement in eco-design, selling zero-waste to landfill, advanced waste separation, haulage of specialised secondary resources, disassembly support, reverse logistics...). In many cases, a successful circularity project can translate in significant cost saving to the client, where the waste management company may be rewarded proportionally to the level of cost saving, rather than on the amount of waste collected. A number of performance-based business models exist, where higher levels of circularity are achieved, with potentially lower environmental impacts, and for the mutual benefit of the client and the waste management organisation.

Anybody who has been in the waste industry for a number of years, will admit that this is quite a shift in thinking and could well be a long-term survival strategy for the industry. This type of waste management re-thinking has already been implemented, at least in the UK, and this is about to be scaled up. The main barrier for a fast scaling up of circularity projects remains the somewhat negative image of the waste industry, still considered by many as bin collectors and final treatment operators.

Obviously the structure of waste management in Denmark is very different, compared to the UK, for many reasons, but everyone can learn, get inspiration and develop new paradigm shifts towards circularity. The future of the waste industry, whether in the UK, in Denmark or elsewhere, will be to develop circularity collaboration, where the waste management operator become much more specialised, with the ability to collect smaller quantity of higher values (and less contaminated) materials, which is already measured in kg, rather than in tonnes.

The key drivers of the circular economy are economics and a better control of supplies. The environmental benefits of going circular are quite well acknowledged but are not the prime reason for this cultural transition. This may be the reason why the circular economy is here to stay and why the waste industry can play a central role along the supply chain, ... or not...

There are still many challenges to turn the circular economy from concept to reality. For instance, key issues will be to standardise circularity steps and measure progress and success of circularity. There is still very much to learn. Reflecting back at this stimulating conference, it looks like the circular economy is finally taking off. At least, top executives from various organisations of various sizes, showed their buy-in and strong commitment to redefine their business to move towards that goal.

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