



Output 4

Activity 3 Supporting SMEs to become more circular

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Table of content

CHAPTER 1 - INTRODUCTION	4
CHAPTER 2 – THE CSS GUIDES.....	5
CHAPTER 3 – TARGET GROUP	5
CHAPTER 4 – CIRCULAR ECONOMY	6
CHAPTER 5 – SUPPORTING SMES IN CIRCULAR ECONOMY	9
Chapter 5.1 Why support SMEs on their journey to being circular?	9
Chapter 5.2 Raising awareness	10
CHAPTER 6 – CONCLUDING REMARKS.....	10





Chapter 1 - Introduction

The COVID-19 crisis accelerated the need for modernisation and digital transformation of training systems in Europe. CIRCULAR SME SCAN (CSS) connects this with a circular economy which is a strategic approach to a greener economy in support of European economic recovery.

Circular, sustainable, environment-climate friendly operation of small and medium enterprises (SMEs) results in their competitive advantage over their rivals. However, the over 25 million European SMEs encounter challenges in grasping these opportunities, as they do not have the knowledge, matching financial, non-financial resources that large companies have to make the due changes. As these enterprises constitute the main body of the business ecosystem in participating countries, a strategic alliance between them and circular economy experts has to be forged. This, especially in the COVID pandemic, generates awareness on and illustrates that outstanding quality, inclusive, digital vocational education tools on circular skills and competences are beneficial for this group.

The main goal of CSS, in support of innovative practices in digital era, aimed at creating a self-scan and learning platform that develops SME circular economy skills-competences by focusing on four main areas of entire SME circularity value chain (supply-acquisition, operation-production, retail, waste stream analysis).

The main results and outputs of the project are:

1. A self-scan, which is an online tool for SME owners and managers to assess their current level of circularity and redirects to multiple tools, strategies and connections to apply a more circular approach in their current business models.
2. A platform which includes:
 - a) Local connections: Becoming more circular is not something one can do on their own. It requires collaborations, synergy and co-work. The platform includes access to several valuable connections in the relevant field of work or region, to support SMEs and guide them in their circular pathways.
 - b) To get a clear picture of how other SME owners and managers like you are upfronting the challenge of becoming more circular, Circular SMA Scan includes inspirational stories and clear examples, small and large, of other businesses.

These are complemented with Stakeholders supporting Guides, which will help you in making the turnaround for the SMEs you support and support them in their efforts to become more circular. This guide is one of these.





Chapter 2 – The CSS guides

The CSS guides target different groups, representing the different stakeholders with the common denominator that all are interested and open towards the innovative methods in the service of circular SME operations.

The present guide is part of this effort and a wider set of guides developed for each of the SAGA stakeholders.

CIRCULAR SME SCAN learner's guide, supports the learners and explains in detail how to use the self-scan and learning materials and platform independently but it also inspires and motivates the representatives of the target groups to use the scan and engage in the learning platform.

CIRCULAR SME SCAN guide for VET: focuses on trainers and training organisations by sharing with them the project approach and the way on how to integrate the topics of SME circularity into the training courses they offer in the area of SME development and skills-competency training.

Supporting SMEs to become more circular: aimed at all those organisations and bodies that can support the SMEs in becoming more circular and how they can take stock of the CSS results to do so. Despite the difference between several of the identified stakeholders in the underlying reasons, all have reasons for wanting SMEs to become more circular. This is the guide that will help them in this effort.

CIRCULAR SME SCAN policy brief: set of guidelines for policy makers assisting them in addressing the uptake of good/best practices in circular SME scanning. The brief also elaborates on how to provide training and education in this SME circularity.

Chapter 3 – Target Group

This guide addresses two different target groups that support SMEs in becoming more circular. Although doing it from 3 different perspectives and objectives:

- 1) Business support organisations and innovation hubs, who provide support, advice and services with the implicit goal of improving the business and make it more competitive.
- 2) Consultancies & experts in the field of circularity and sustainability, who support SMEs in the implementation and adoption of more circular approaches, their goal is similar to the one of the first group, i.e. improving the business and making it more competitive.
- 3) NGOs and civil society active in the field of sustainability, circularity and environmental protection, also support SMEs, although more from a perspective of corporate social responsibility.





Despite the differences in perspective and underlying reasons for making SMEs more circular, the final envisaged impact is the same, increase the circularity of SMEs and reduce the negative impact their activities could have on the environment.

This guide focuses on how these groups can use the CSS self-scan and platform (with all its content) to support the SMEs they serve or work with.

However at the same time, these CSS results can use these in the following manner:

- 1) Innovation hubs/intermediaries & business associations. They support (and frequently train) SMEs and entrepreneurs, can use the outputs in their work with business and entrepreneurs, to make them more aware about the need for circularity and about the opportunities increased circularity levels offer for them.
- 2) Consultancies & experts in the field of circularity and sustainability. CSS can help them to provide an answer to the increasing demand for more circularity in SME activities and processes. They can use the results to help their users or clients to become more competitive by using the scan and learning materials and integrating the lessons learned.
- 3) NGOs and civil society active in the field of sustainability. Circularity and environmental protection: the materials and results help them in their awareness raising activities and interact with the non-circular SMEs on a win-win basis.

Chapter 4 – Circular Economy

Achieving circularity in SMEs is no easy feat. Not only does it require effort from the SMEs themselves, but support from other bodies of organisations is also crucial. However, it is important for supporting bodies of organisations to understand circular economy as well as why it is important.

What is circular economy?

Sharing, leasing, reusing, maintaining, repairing and recycling resources and goods are all part of the circular economy's production and consumption paradigm. The life cycle of products is extended in this way. In actuality, it refers to minimising waste. When a product reaches the end of its useful life, recycling helps to keep as many of its constituent parts in the economy as possible. These can be productively applied repeatedly, adding more value.



The circular economy model:
less raw material, less waste, fewer emissions



Source: European Parliament
(<https://www.europarl.europa.eu/news/en/headlines/economy/20151201ST005603/circular-economy-definition-importance-and-benefits>)

Business Benefits of Circular Economy

Businesses are inspired to improve their resource efficiency by the circular economy concept. Entrepreneurs can gain greatly from implementing circular economy principles and practices in their businesses. These advantages vary depending on the chosen strategy, how circular the business processes are, the environment in which the company operates, and the organisation's position in the value chain. However, there are 6 benefits that have been identified for SMEs who embrace circular economy techniques, which serve to illustrate why doing so is advantageous for SMEs, which are the following:

1. **Reduced exposure to rising and the volatility of resource prices** - Non-renewable natural resource scarcity causes prices and price volatility to rise, which in turn drives up the cost of raw materials for enterprises. Businesses can use less material to produce goods and satisfy customer demands by implementing circular economy strategies and practices. By doing this, companies lessen their vulnerability to the risk of rising and volatile resource prices.
2. **Thinking circular stimulates innovation** - Businesses are inspired to improve their resource efficiency by the circular economy concept. It offers a fresh perspective on a company's business strategy and day-to-day operations. This perspective may lead to fresh thoughts and encourage creativity.





3. **Creates green image** - More people are becoming conscious of the environmental impact of the items they use, including consumers, businesses and governments. As a result, when they are making purchasing decisions, they are more attentive to sustainability. Businesses can lower the environmental impact of their products and stand out from the competition by implementing circular economy strategies and practices.
4. **Opens new markets and opportunities for growth** - Circular solutions may also create new markets/niches.
5. **Increased customer loyalty and more stable revenue streams** - A new business model could make the transition to circular easier. Adopting such business models has the advantage of boosting client loyalty and supplying more consistent revenue streams. The drawback of such models is that they typically need more pre-financing.
6. **Environmental benefits** - Circular economy concepts and practices are advantageous for both business and the environment. In order to become more circular, business must:
 - Reduce their use of raw materials
 - Reduce their energy consumption and switch exclusively to green energy
 - And cut back on their use of freshwater.Consequently, adopting a more circular mindset is a proactive means of satisfying upcoming compliance obligations.





Chapter 5 – Supporting SMEs in Circular Economy

There is a distinction between financial and non-financial support for businesses. While non-financial help takes the shape of consulting, training, coaching, teaching, arranging matches, providing platforms to interact and inspire, etc., financial support can take the form of grants, subsidies and loans. In addition to financial support, non-financial support is essential for SMEs as they make the transition to a more circular economy. According to research, SMEs frequently lack the internal resources they need to overcome obstacles in the eco-innovation process. As a result, they frequently require assistance from intermediary organisations like incubators, universities and business development organisations.

Chapter 5.1 Why support SMEs on their journey to being circular?

According to a research done in Uppsala University on Supporting SMEs in the Circular Economy Transition, SMEs need support during their transition so it will help them stay on track. Support also helps them stay on track of the developments of the surrounding world (i.e. latest trends, laws, initiatives, etc.). Research from the same study also shows that ideas and new collaborations are brought up during discussions between different parties and companies. Last but not least, having the platform to network, it makes SMEs understand how they can relate it to their own business and how they can use it to make better and smarter business deals. The last point is especially important as normal supporting bodies tend to give a one size fits all solution to SMEs and it makes it difficult for SMEs to apply said solution to their business.

With the Circular SME Scan and learning platform, you, as a supporting body can help SMEs determine where they are in their transition through our self-scan and guide them through the platform as well as the provided learning materials to start or continue their journey. The CSS team have curated 4 results to support you.

A skill and competence framework related to increased circular business strategies - This document identifies the different best practices and methodologies in each partner country. It is also followed by a survey and focus group to gain more in depth answers as a foundation for the online self-scan.

A digital self-scan for SMEs to assess the level of circularity in current processes - The self-scan is an online tool for SMEs to assess their current levels of circularity and redirects to multiple tools, strategies and connections to apply a more circular approach in their current business models. It is

Learning packages about circular business processes and an online platform - The platform allows SMEs to access countless stories, learning materials, interviews and many more to help them get inspired and

Implementation guides for stakeholders - As stakeholders with an interest in helping SMEs to be more circular, these guides are created to help support you support the SMEs in their efforts to become more circular.





Chapter 5.2 Raising awareness

The CSS self-scan and platform can be used by all three types of the target groups to raise awareness among SMEs about the need for circularity and the benefits it offers.

By promoting the self-scan and platform, these groups can encourage SMEs to assess their current level of circularity and explore ways to become more circular.

1. **Provide guidance and support:** The platform includes access to several valuable connections in the relevant field of work or region, which can be used by innovation hubs and business associations to support SMEs and guide them in their circular pathways. These connections can provide SMEs with advice, support, and services to help them become more circular.
2. **Inspire and motivate:** The platform also includes inspirational stories and clear examples of other businesses that have successfully implemented circular practices. Innovation hubs and business associations can use these stories to inspire and motivate SMEs to adopt circular practices in their own businesses.
3. **Offer training and education:** Innovation hubs and business associations can use the CSS self-scan and learning materials to provide training and education to SMEs on circular practices. By offering workshops and training sessions, these groups can help SMEs to develop the skills and competences needed to become more circular and sustainable.

Chapter 6 – Concluding Remarks

As you could see, this is what we have built this guide upon. We are advising you to implement the changes the Circular SME Scan programme can bring to the SMEs who are working on making their businesses more circular. Be sure to be there to assist when questions arise, be there when support is needed from the decision makers side, be there and act while they think they hit a stumbling block.

