Beyond pilots: scaling takeback and reuse into core business activities

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Circular business models help organizations to address many of their current challenges

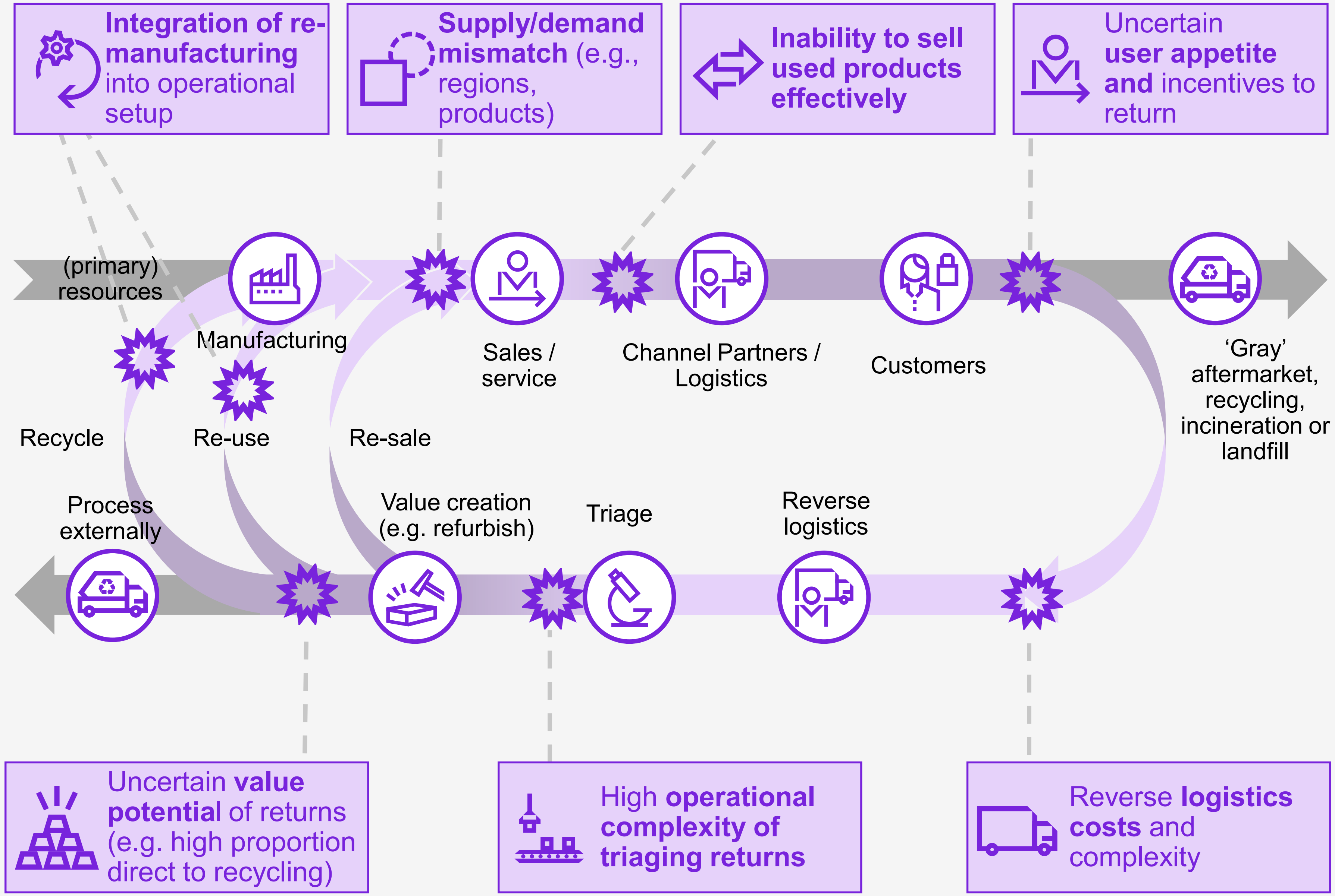
Industry challenge	Value of takeback programs	Outcome
Raw material supply (e.g., copper, silver, nickel) becoming more volatile	Access to a predictable and cost-effective supply of materials and parts	Resilience against raw material shocks (risk-hedging)
Pressure from customers (e.g. scope 3 reductions)	Ability to develop longer, closer relationships through e.g. increased service level, more services	Increased customer satisfaction and stickiness
Addressing high product lead times	Access to shorter and less volatile value chains for returned products	Reduced lead times
Emerging regulation	Increasing level of regulation favoring secondary materials and refurbished equipment	Compliance and ability to better serve customers
Decarbonization of operations	Reduction of resource intensity of production and sale of products with lower overall carbon footprint	Lower product carbon footprints
Push to reduce primary resource use	Reduction of primary resource consumption and with it, pressures on biodiversity and human rights	Reduced primary resource usage and broad sustainability value creation
Push to grow and diversify revenue streams	Creation of additional revenue through revenue from takeback and revenue from returned equipment	Additional revenue streams

Source: Kearney

But scaling circular business models into core business activity is complex

Commonly perceived barriers

Barriers to scaling takeback and reuse



Source: Kearney

There are five key considerations when scaling up takeback and reuse in large organizations

Which equipment is most appropriate to create value from takeback?	Which products can be economically processed through takeback?
What incentives are needed to get them back and from which end-users/customers?	What do different types of end-users require to to agree to return equipment (e.g. payment, convenienece, certificates of reuse, …)?
How are products returned?	How can OEMs leverage partnerships to physically get their products back?
What are the most compelling value propositions to provide to customers?	Which customers (geography, industry, size) are most interested in buying/deploying refurbished equipment and why?
What organizational requirements are there to deliver these value propositions?	Is organization set up to deliver?

See next page for deep dive

Source: Kearney

Scaling circular business models requires collaboration across the whole of large organizations

Capability area	Functions involved	Scaling enablers
Commercial & Market Activation	– Sales – Marketing – Product Management	– Identify the most receptive customer segments – Create customer demand – Evolve sales incentives – Address cannibalization concerns
Operations & Ecosystem	– Supply Chain – Partner Management	– Determine what to outsource – Secure predictable return flows – Ensure partner performance and compliance – Scale refurbishment
Product, Quality & Asset Intelligence	– Engineering – R&D – Quality – Digital/Data	– Design future products for circularity – Define refurbishment standards and processes – Ensure safety, reliability and compliance
Finance & Risk	– Finance – Procurement – Legal	– Adapt procurement policies for used equipment – Value and account for refurbished assets Manage risks, liabilities and warranties
Governance and execution	– Overarching	– Define ownership and governance – Define KPIs

Source: Kearney

Thanks for your time and I look forward to questions and interesting conversations

SCAN ME

Let’s connect on Linkedin (or better still: grab a coffee today)

Thank you

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