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Assessment 1

BMSP7004

23 March, 2024

YouTube Video Link:

<https://youtu.be/1H0Th9k1avg>

Vlog Script:

Hello, I am Kayla and today I will be discussing business leadership opportunities of the circular economy.

We will address this through three main questions, starting with: WHAT does it mean for business leaders to drive their organisations towards a circular economy?

Here is a graphic that shows the circular economy model. Today's business leaders are tasked with making their organisations more sustainable by using less raw materials, producing less waste and lowering carbon emissions. A few examples of the circular economy model include:

- Using less raw materials that contribute to waste by sourcing raw materials sustainably and for packaging, using materials that can be reused or repurposed such as glass or ceramic containers instead of plastic.
- Another example includes consumption reuse or repair, which fights against overproduction and overconsumption. The company Patagonia has embraced this model by making less products, but of a higher quality which means consumers can buy less. They even warn consumers DON'T BUY THIS JACKET. This is not a typical marketing strategy and is a cheeky way to get attention and inspire consumers to be more responsible.

Many aspects of the circular economy go against typical ways of doing business. This makes it challenging for businesses to transition to a circular economy. Which leads us to the second question... WHY is it challenging for business leaders to implement and execute circular economic models within their organisations?

The media has talked about the world becoming increasingly VUCA which stands for volatile, uncertain, complex, and ambiguous. We will focus on a few VUCA challenges that impact the circular economy.

- The first one is Supply Chain challenges: traditional supply chains are linear with limited visibility of where and how materials are sourced. For example, palm oil is a raw material that can lead to deforestation if it is not sourced in a sustainable way. Well known global companies have come under scrutiny for sourcing their palm oil from suppliers that are destroying forests and endangering wildlife. In a circular economy, companies have full visibility and accountability for their supply chains. One way in which organisations can do that is to achieve external certifications, such as the Rainforest Alliance. This is a good way to gain public trust and stay ahead of government regulations.
- Another challenge related to VUCA is climate change. According to the Ellen MacArthur foundation, “the circular economy has a major role to play in meeting climate targets” (*Ellen MacArthur Foundation, 2019*). Of course energy sources are an important factor in reducing emissions, but this problem can also be addressed through the circular economy. If business leaders want to future-proof their organisations and increase their competitive advantage, they can do so by adopting green energy and shifting their supply and value chains to a circular economy.
- The last issue we will discuss related to VUCA is the systemic challenges of capitalism. Two problematic outputs of capitalism are unsustainable growth and overconsumption, which both relate to the linear economic model of take make waste.
- On a positive note, there seems to be an emerging trend of businesses strategically slowing down in 2024. Stanford University management science professor, Bob Sutton, was quoted saying that "Strategic slowness will be the key to success for innovative leaders and companies in the coming year. Because the era of move fast and break things has led to some colossal, high-profile failures. Knowing when and how to slow down and fix things is the path to enduring financial success and building healthy workplaces” (*Stillman, 2024*). If Professor Sutton is right, this trend can serve as an opportunity for companies to prioritise sustainability, move away from the linear economic model and grow in a way that is healthy for the company and the environment.

Navigating VUCA and moving towards a circular economy is a complex task, which leads us to the third and final topic... HOW can business leaders prioritise and execute sustainability initiatives that lead to a circular economy?

We will start with addressing stakeholders. Business leaders must re-evaluate who their main stakeholders are. In a typical business model, the relationship with shareholders is dependent on monetary value. This is a vulnerable type of relationship that does not set the organisation up for success, especially in a VUCA world.

In the article titled 'Sustainable leadership practices for enhancing business resilience and performance', they state that "Sustainable leadership embraces aspects of humanistic management in that it includes valuing people and considering the firm as a contributor to social well being. These practices form a self-reinforcing leadership system that enhances the performance of a business and its prospects for survival" (*Avery & Bergsteiner, 2011*).

Moving towards a stakeholder model that values everyone, rather than just monetary shareholders, companies can future-proof their business and overcome challenges of the VUCA world that we live in.

The next topic is culture. It is essential for business leaders to transform the culture of their organisations to enable the shift in mindset and change management required to become a sustainable organisation. A cultural shift is needed to broaden the view of who the stakeholders are and what the long term purpose is for the organisation. If the stakeholders include everyone in the value chain, there can be more engagement and knowledge sharing, which can lead to increased innovation and competitive advantage. There is also opportunity for increased education to ensure all stakeholders understand why and how they can achieve sustainability through a circular economic model.

To conclude this overview...

We can see that it is a complex and challenging task for modern business leaders to move towards a circular economy, especially in a VUCA world. It requires long term vision and strategic planning that goes against typical ways of doing business. However, it is clear that

leaders who can make this shift will future-proof their organisations in a way that is good for business, the environment and all of humankind. Thank you for listening.

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