

# Strategic Management and the Circular Economy

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# Preface

The desire to write this book grows out of a conviction that belief systems have always sustained human action. Today, in a time when spiritual faiths are losing traction, we need to believe in something else to guide our lives. Without hope, I fear that life loses much of its purpose and actions become meaningless. So, if the distinctive knowledge of our time – which sets us apart from previous millennia of human history – is based on the certainty of anthropogenic activities irreversibly damaging the Earth’s ecosystems at an uncontrolled pace, and on the dreadful consequences of this new reality for any living organism, we also need to have hope (i.e. a believe system, faith, etc.) based on something equally tangible and “*real*”. The Circular Economy (CE) is a pragmatic approach that can take us away from the downward spiral of natural exploitation we are witnessing and fear. What I feel makes CE so realistic and rational, compared to other sustainability concepts, are its economic foundations based on reducing costs, identifying new opportunities, and maximizing efficiency. These objectives are the same in any company (or public institution) out there, regardless of whether this is about to enter a new market (start-up), seeks to increase profits and expand its market share (large corporation quoted on a stock exchange), or simply aims to survive in a rapidly evolving industry (family-based firm).

I am confident that as more and more companies hesitantly look at the transformation happening in their industries, this book will help them take the initial steps in a transition from linearity to circularity. By proving compelling and irrefutable evidence of the damages caused by the current economic model, readers are invited to look at the world economy in a new way and encouraged to leave behind outdated conceptions of the nature and purpose of a company. While the message is relatively simple, I also wanted the book to acknowledge the complexities of CE strategic decision-making and the infinite possibilities that exist, given that every company is a different reality needed to be studied independently to properly identify, analyse, formulate, and implement a fitting CE strategy. But how is that done? Little has been said thus far about the strategic investigation of circular decisions in a firm. This book argues that a methodology based on proven strategic management

tools and concepts (Idea tree, VRIE framework, Five Forces model, SWOT matrix, PEST analysis, market positioning maps, gap analysis, etc.), calibrated according to principles of circularity, can be of major help to managers.

In writing this manuscript, we tried to address the needs of companies across the globe. With regard to firms operating in developed nations, the message is to “start with what you got”, as it is very unlikely for the totality of a company’s activities to be completely detached from circular principles, but defining what’s usable, scalable, and how to act are some of the questions that need to be answered before seriously evaluating an investment in circular practices to disentangle production processes from environmental pressures. Firms based in emerging economies will also find the book insightful for it can be leveraged to leapfrog highly polluting industrial practices and reach a competitive position in the global market.

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