

THE PARTNER GUIDE

HOW TO FORGE
MEANINGFUL
PARTNERSHIPS TO
DRIVE CIRCULAR
BUSINESS
MODELS

TOOL INTRODUCTION

On the journey of building a circular business model there will probably come a time when you need a partner to outsource operations, provide back-end services, or simply for their expertise. But how do you find the right partner for your needs? To answer that question best as possible we collaborated with the [Switching Gear Enabling Network](#) to collect the most common challenges in forging meaningful partnerships and asked them to reflect on their experience in tackling these challenges. Although you may encounter challenges that are unique to your company this partner guide is meant to give you a headstart.

TOOL USAGE

Time: 45 minutes

People: Core Team

Suggested to complete first: Business Model Blueprint

STEP-BY-STEP GUIDE

- Individually review the information on the below slides
- Come together with your team and discuss your findings - Do you recognize some of these challenges from your own past experience? Were certain challenges new or surprising? Which challenges might apply to your innovation process and how can you overcome them?



**PARTNERSHIP
CHALLENGES
FOR RESALE
AND RENTAL
BUSINESS MODELS**

CHALLENGE #1 - ESTABLISHING OWNERSHIP

A frequently encountered challenge for solution providers in their contact with brand Sustainability/Innovation teams, is a lack of ownership and commitment across all layers of the company. Designing and launching a circular business model touches on all aspects of the organisation and to ensure continued support, the project should be embedded across different departments and levels of the brand organisation.

HOW TO OVERCOME THE CHALLENGE

- Before starting on your circular business model journey, it is important for the broader team to understand why circular business models are needed, and what value they can create for the customer. The tools from Module 1A "Understanding the Urgency" and Module 2A "Customer Persona & Interview" can help you with that.
- Share knowledge across all departments. While you might be clear on the reasons to develop a circular business model, this might not be the case for some of your colleagues.
- Look for opportunities (or create them) to integrate the project within the overarching strategic goals for the company. Provide clear evidence of why this project is important to the long term commercial success of the company.
- Creativity, flexibility and willingness to adjust the status-quo are important prerequisites - a circular business model is not a simple plug-in to business as usual. Before diving head first make sure that this is understood across all levels of the company - ownership and commitment are key drivers to success.
- Listen to the Circular Toolbox Podcast to learn how other brands got commitment from their management.

CHALLENGE #2 - IDENTIFYING CAPABILITIES NEEDED

Especially in the beginning of your journey toward a circular business model, you may struggle to assess what activities can be done in-house, versus what it is best to get a partner on board for - and what type of partner you are looking for. This is only natural, since you are entering a new terrain that is different from traditional retail, and requires new systems and processes. There are several things you can do as a brand to determine whether you need or want to partner up, and pinpoint where you require support.

HOW TO OVERCOME THE CHALLENGE

- Do you need a new e-commerce platform? Someone to take care of reverse logistics or the repair of your take-back garments? Prototyping a new resale or rental model can give you valuable data that helps you understand if and in which areas you need a partner. See Module 3 of the Toolbox for guidance on how to design and run a prototype. Having the data at hand will also make it easier for potential partners to assess whether you are a match and whether they can provide the services you are looking for.
- Depending on the size of your company and the capacity available it can be an option to learn and grow organically at first, and opt to pilot your model independently. Once you want to scale up you will know exactly what you are looking for.
- Think in advance how much control you want: Are you okay with your partner handling the full solution? Is it important to you to safeguard your brand identity? The amount of control you want will determine the internal capacity you will need to manage the business model - the more control, the larger capacity you need.
- Finding the right business model that works for both partners can also mean sharing the risks - in cases where the solution provider has to buy stock from the brand, a big load of the financial risk is on them which makes a partnership less appealing.

CHALLENGE #3 - SETTING CLEAR OBJECTIVES

A common challenge when building partnerships is a lack of clarity on overall objectives. Before entering a new partnership it is therefore important to ask the question “What are my goals?”. This includes not only goals for the collaboration, e.g. what are my expectations for my partner and what should the final product/service look like, but also goals for the circular business model itself: Is it going to be part of the core business? What are non-financial objectives for this model? When would it be a success?

HOW TO OVERCOME THE CHALLENGE

- Understand the 'why' of circular business models, and be clear on your brand's success criteria. For more information have a look at Module 1 “Understanding the urgency” and “Establishing your goals and success criteria”
- Be clear on your expectations and goals and communicate them to your potential partner from the start. Early conversations with solution providers can also help you set realistic expectations and objectives. In module 5 you can find a tool that can help you with Setting Objectives, Key Results & Initiatives (5B).
 - Optional: Link your objectives & key results to the remuneration policy for brand employees ensure their prioritisation by everyone involved.

CHALLENGE #3 CONTINUED

HOW TO OVERCOME THE CHALLENGE

- Some brands may have the expectation that the new business model is going to be immediately profitable. While this might be the case for some, for most, profitability is a longer term goal. Be aware that it might take some time before your new circular business model works effectively at the optimal scale for it to reap the financial benefits. It is advised to think about additional non-financial objectives like getting valuable data on product use or strengthening your brand image/positioning that can also help measure the success of your new business model.
- Be clear on the level of involvement: is the whole business going circular or is this an “stand-alone” pilot project to test the water? Those are very different ways of working and require different levels of commitment and have different costs and benefits and timelines associated with them.
- Designing and launching a new circular business model in the ‘silo’ of a sustainability or innovation team can mean more autonomous and agile decision making, also with regards to selecting partners to work with. However, it can also mean less buy-in from the core business and less scaling opportunities in the long term. There are advantages and disadvantages to both approaches and ideally you will be able to find an approach that integrates the best of both worlds: start up agility and core-business power.

CHALLENGE #4 - COMMUNICATING EFFECTIVELY

A common reason for partnerships to fall apart before they have even started are unnecessarily long lead times between the initial contact and signing the final contract. There are several things you can do as a brands to ensure a smooth and timely process.

HOW TO OVERCOME THE CHALLENGE

- Give your project manager the support of higher management and the authority to make decisions. Having to double or triple check each decision can slow down the implementation of new solutions substantially (see Challenge #1).
- Be clear on your expectations and goals and communicate them to your potential partner from the start (see Challenge #3).
- For solution providers it can be difficult to grasp a brand's internal processes. With roles quickly evolving and responsibilities changing within the company it is important to keep each other updated. Having a clear contact point and open/transparent communication at all times helps partners understand where to swoop in and can save a lot of time.
- There is no "one size fits all" template for partnerships - most important is to be open to learn and innovate together with your partner to find a collaboration that works for both sides