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**Circular Economy Business Models Implementation: Managerial and Organisational
Implications**

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Abstract

The circular economy – *an economy that is restorative and regenerative by intention and design* - has attracted a great deal of attention recently as a potential solution to meet multiple sustainability challenges. Academically, it is emerging as a distinctive field of enquiry and the number of publications on the topic has risen substantially in the last ten years. Yet, there is still a limited understanding about how the circular economy is implemented in practice. To contribute to this relevant albeit overlooked research area, this article highlights the managerial and organisational implications of circular business models implementation, drawing on McKinsey's 7S framework and the case studies of two British and two Italian companies.

Key words: circular economy, circular business models, implementation, SMEs, managerial and organisational implications.

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1. Introduction

How to move towards a more environmentally and socially sustainable economy is a long-debated issue. Yet no other concept proposed with the context of sustainability transitions has spurred the same level of attention across policy, business and academic circles as the circular economy (CE) (Leipold *et al.*, 2022). Brought to the attention of the policy, business and academic communities as an “economy that is restorative and regenerative by intention and design” (EMF and McKinsey, 2012, p. 7) by *The Ellen MacArthur Foundation*, the CE is now the subject of both national and supranational policies (e.g., EC, 2020) seeking to meet climate targets and promote a more resilient economy, and business experimentation to attain competitive advantage and unlock new sources of revenues (Lacy and Rutqvist, 2015).

Academically, the rise of interest in the CE concept has been significant especially in the last ten year. The literature on the topic has been proliferating with Panwar and Niesten (2022) highlighting that more than 10,000 academic papers on the subject have been added to the Web of Science database only in the last five years. Whilst contributions to this emerging research area have come from different disciplines, the business and management field is lagging behind scholarly contributions from the physical and natural sciences (Pietrulla and Frankenberger, 2022). Furthermore, current literature offers a little understanding about how CE is implemented in practice (Dominko *et al.*, 2022), especially within the context of SMEs (Gennari, 2022). SMEs accounts for 99% of businesses in Europe (EC, 2022). Yet they find it more challenging implementing circular business models (CBMs) due to a range of reasons including lack of expertise and access to financial resources (Soni *et al.*, 2022). Urbinati *et al.* (2019) lament that “research still falls short in deepening the role of the managerial practices that companies should adopt to design a circular business model, or to reconfigure a traditional one, to reach goals of value creation, cost reduction, revenue generation, and increased resiliency and legitimacy. In particular, the set of managerial practices that companies should adopt to implement the CE paradigm and to define circular business models still deserves attention” (p. 1). Overall, more empirical research is needed to understand how the CE is implemented in the business context (Urbinati *et al.*, 2020).

To shed some light on this relevant but still overlooked research area, we investigate the managerial and organisational implications of CBMs implementation drawing on insights from four case studies (two British companies, an SME and a start-up, and two Italian SMEs, one of which is just exiting the start-up phase), that have implemented CE principles in their business strategies. Particularly, we make use of McKinsey’s 7S framework (Waterman *et al.*, 1980; Waterman, 1982) to illustrate our findings. This contributes to further advance the novelty of our paper, given that there has been little cross-fertilisation between the strategic management and the CE literature to date (Pietrulla and Frankenberger, 2022). Particularly, this article asks: *How can the managerial and organisational implications of CBMs implementation be understood?*

The remainder of this article is organised as it follows. Next, an overview of the CE concept and recent developments in the CE and CBMs fields is offered. Subsequently, in Sections three we describe the research method and the cases subject of this investigation. Section four discusses the managerial and organisational implications associated with the CBMs investigated. Finally, Section five concludes summarising our findings and suggesting avenues for future research.

2. Circular economy and circular business models

CE thinking is underpinned by three principles: *eliminate* (waste and pollution), *circulate* (keep products and components in use for as long as possible and at their highest utility and value) and *regenerate* (natural environment). The CE mimics the cyclical functioning of natural ecosystems where the concept of waste does not exist (EMF and McKinsey, 2013). Accordingly, in a CE, products, materials and components flow in technical and biological cycles: in technical cycles, synthetic, mineral materials return to subsequent cycles of production and consumption through end-of-life materials recovery strategies; in biological cycles, biological materials are designed to return to nature, to restore and build natural capital (*ibid.*).

The concept of the CE has gained a considerable amount of interest recently as a potential solution to address multiple societal grand challenges as exemplified by the UN's SDGs (Schröder *et al.*, 2020). As put by Stahel (2019), the CE “is not the only smart and green strategy there is but, probably, the most sustainable business model, improving simultaneously ecologic, social, and economic factors” (50, p. 91). Agreement upon a common, shared definition of the CE, does not exist yet; instead, many definitions have been developed to date (Desing *et al.*, 2020; Salesa *et al.*, 2022). Nonetheless, it has been the work done by the *Ellen MacArthur Foundation* and its definition of the CE that has contributed to the dissemination of the CE concept and thinking, catalysing the attention of policy makers, business leaders and academics across the globe. Particularly, the CE is conceptualised as “an industrial system that is restorative and regenerative by intention and design” (EMF and McKinsey, 2012, p. 7), and that provides opportunities for “multiple value creation mechanisms decoupled from the consumption of finite resources” (EMF *et al.*, 2015, p. 14).

A fundamental step in the transition towards the CE is business model innovation (Hopkinson *et al.*, 2016). Not surprisingly then, CBMs, i.e., business models based upon CE principles, have become the subject of increasing attention within the business community for their potential to unleash sources of competitive advantage. They also attracted a burgeoning interest of the academic community (Hopkinson *et al.*, 2020; Lüdeke-Freund *et al.*, 2019). As put by Frishammar & Parida (2021), CBMs can “allow companies to simultaneously target all pillar objectives of the so-called triple bottom line: financial, social, and environmental” (p. 72). Academically, studies have attempted to define the concept of the CBM, though no common definition exists yet (Chen *et al.*, 2020) but also to classify/categorise CBMs distinguishing, for example, among categories (e.g., Weetman, 2017), typologies (e.g., Lüdeke-Freund *et al.*, 2019), canvasses (e.g., Lewandowski, 2016) and taxonomies (e.g., Urbinati *et al.*, 2017).

However, despite the significant attention it has attracted, CE implementation in industry is slow paced (Santa Maria *et al.*, 2021) including within SMEs (Malik *et al.*, 2022). Reim *et al.* (2021) argue that “CBMs have yet to be implemented widely in industrial settings. One reason is that they are often presented as one-size-fits-all solutions, but this is misplaced because product-specific criteria and company capabilities determine the correct choice and implementation of CBMs” (p. 2745). This is further emphasised by Marucci *et al.* (2021) who contend that “despite its increasing popularity, CE still remains a niche phenomenon embraced by only a small number of companies within a limited number of industries (...) [with] SMEs [facing] several barriers to move towards circular, sustainable, low-carbon, resource-efficient and competitive economies” (p. 9). Additionally, there is a dearth of empirical studies

exploring application of the CE in the business context (Hofmann and Knyphausen-Aufseß 2022; Urbinati *et al.*, 2020) as well as the managerial and organisational implications of CE implementation (Khitous *et al.*, 2020; Salesa *et al.*, 2022).

To contribute to a better understanding of how CE principles are implemented within the business context, and hence to advance current CE literature, this article asks: *how can the managerial and organisational implications of CBMs implementation be understood?* To answer this question, we draw on the case studies of a British SME manufacturing office furniture, a British start-up developing a process to produce lactic acid from food waste, an Italian SME (just out of the start-up stage) reconditioning electronic devices (mostly i-Phones) and an Italian SME operating in the field of sustainable packaging (mostly food packaging). We now turn to illustrate our research method.

3. Research Method

This research is based on qualitative case studies to gain a rich, contextual understanding of the realities investigated but also because of both the contemporary nature of the subject of this study and, the exploratory nature of this research (Stake, 1995; Yin, 2014). Qualitative case studies are a common research approach in the empirical literature on CBMs (e.g., Frishammar and Parida, 2019; Re and Magnani, 2022) and considered to be appropriate in the context of CBMs research, which is still in its early stage, and thereby, could benefit from the insights generated through qualitative research (Hofmann and Knyphausen-Aufseß, 2022). The companies under investigation have been selected using a purposive logic (Miles and Huberman, 1994), and so because they are relevant to this study and to maximise the results attainable. Particularly, the *ReSOLVE* framework (EMF *et al.*, 2015), which proposes six strategies for companies wishing to innovate their business models in accordance with CE principles, has been used to guide the selection of the companies to include in this study. This framework has already been used in CE research (e.g., De Angelis and Feola, 2020; Heyes *et al.*, 2018; Manninen *et al.*, 2018). The measures in the *ReSOLVE* framework are: *Regenerate*, *Share*, *Optimise*, *Loop*, *Virtualise* and *Exchange* (*ibid.*). Briefly, *Regenerate* involves investing in renewable materials and energies; *Share* involves not just sharing but also other approaches that achieve higher resource utilisation (e.g., design for durability); *Optimise* is about enhancing product and processes efficiency; *Loop* involves circulating materials in technical and biological cycles; *Virtualise* involves delivering value virtually, and finally *Exchange* is about moving away from old and non-renewable materials towards advanced materials that preserve their quality and utility over time (*ibid.*). Companies and key informants names have been anonymised in accordance with the ethical procedure followed in this research.

Alpha and *Beta* are two manufacturing, British companies operating in the furniture and biochemical feedstock extraction industries respectively. *Alpha* is an SME operating in the B2B sector. This further enhances the novelty of this study since most of the literature on CBMs concentrates on the B2C context (Reim *et al.*, 2021). *Alpha* supplies low carbon office furniture, particularly remanufactured office furniture, and furniture from post-consumer plastic waste. To date, *Alpha* has remanufactured more than 400 tonnes of furniture and saved over a million of kg of carbon dioxide equivalent. *Alpha* is an example of a company operating in the technical cycle espousing the ‘*Loop*’ and ‘*Share*’ measures in the *ReSOLVE* framework (EMF *et al.*, 2015). *Beta* is a start-up which has embraced CE principles by producing - in the first place - biodegradable and recyclable post use bio-plastics and bio-plastic composites from

agricultural waste. The company is now developing a process for extracting lactic acid from food waste. *Beta*, instead, is an example of a company operating in the biological cycle embracing the ‘*Loop*’ measure in the *ReSOLVE* framework (EMF *et al.*, 2015). The latter case enables us to bring a further element of novelty in the CBMs field given that analyses of the ‘technical cycle’ are predominant in the CBMs literature (Kanda *et al.*, 2021).

Gamma and *Delta* are two Italian companies operating respectively in refurbished electronic devices and packaging sector. *Gamma* is an SME operating in both B2B and B2C context. *Gamma* buys directly electronic devices (in particular, iPhones, iPads, and Macs), putting then them back on sale at the end of a careful process of regeneration that is divided into three phases: testing (ascertain the actual status of the electronic device), laboratory (repairing), and grading (electronic device grading based on its new status). To date, *Gamma* has refurbished more than 30.000 electronic devices promoting a smarter and more intelligent approach to consumption. *Gamma* is an example of a company operating in the technical cycle espousing the ‘*Share*’ and ‘*Loop*’ measures in the *ReSOLVE* framework (EMF *et al.*, 2015). *Delta* is one of the founders of a local sustainable packaging network created with the aim of offering sustainable cardboard packaging by recovering local waste and reducing the impacts of the entire supply chain through CE, research and innovation projects. For over 10 years *Delta* has been partnering with the companies in the packaging network to help them to implement circularity practices by suggesting, for instance, what to improve in the production process or how to select suppliers, or even how to push organisational culture and values toward sustainability.

Data were collected by using secondary data (corporate websites and live presentations) and primary data (semi-structured interviews). In total, six interviews were conducted between October and March 2023. The interviews lasted 240 minutes, were conducted on-line, digitally recorded and professionally transcribed. Italian interviews were then translated in English by one of these authors. Elite informants, i.e., “key decision makers who have extensive and exclusive information and the ability to influence important firm outcomes, either alone or jointly with others” (Aguinis and Solarino, 2019, p. 1293) took part in the interviews and particularly, the managing director and founder for company *Alpha*, the chief marketing officer for company *Beta* and *Gamma*, and the project manager for *Delta*, so that the questions could be addressed and to gain rich data (Creswell, 2012). The interviews were based on questions informed by the CE and CBMs literature. Key points and observations were also recorded in a contact summary sheet at the end of each interview contributing to enhancing data triangulation. Data collection was deemed complete at the point of saturation, i.e., when there were no new insights emerging from the process of data collection (Bowen, 2008).

Data analysis started from a careful consideration of each single case separately before engaging with a cross case comparison. Narrative analysis (Langley, 1999) has been used to perform data analysis, avoiding data fragmentation. In our approach, we took the view of case studies as a form of ‘contextualised explanation’ (Welch *et al.*, 2011) in which theory development rests on abduction, which involves an iterative process of constant reference to theory and empirical data to produce results that are context specific (Polşa, 2013).

The findings we report result from our analysis and interpretation of the data. Therefore, they do not represent the position of the companies investigated and they fall exclusively under our responsibility. Next, we illustrate the managerial and organisational implications associated with the implementation of the CBMs of the chosen organisations.

4. Managerial and organisational implications of circular business models implementation

To identify the managerial and organisational implications of CBMs implementation in the cases under investigation, we employ McKinsey's 7S framework (Waterman *et al.*, 1980; Waterman, 1982), which has been also applied within the context of sustainability research recently (e.g., Teh and Corbitt, 2015). This framework was chosen for its comprehensiveness given that includes a range of elements whose alignment is necessary to achieve organisational effectiveness: "the framework forces us to concentrate on interaction and fit. The real energy required to redirect an institution comes when all the variables in the model are aligned" (Waterman *et al.*, 1980, p. 26). Therefore, we believed it could be a useful tool to highlight the many parts in an organisational context that are responsible for its effectiveness and hence, in our case, for effectiveness in CE implementation. Particularly, the elements that make up this framework are: *structure, style, staff, systems, superordinate goals, skills and strategy* (Waterman *et al.*, 1980; Waterman, 1982). Next, we illustrate the characteristics of these components for the organisations involved with this study.

4.1 Strategy

Strategy is the intended course of action of an organisation, "it is an organisation's way of saying: here is how we will create unique value" (Waterman *et al.*, 1980, p. 20).

For Alpha: *"our mission is to reduce office greenhouse gas emissions and costs, and that applies globally. So, in 20 years' time, we should be looking at a very large industry and ideally, it would be the primary or brand leader in that space, so everyone when they thought of remanufactured office furniture, they would think of [our] brand. That's our long-term goal"* [Alpha's Founder and Managing Director, Interview 1 extract].

For Beta: *[We are working] "towards developing a system of producing lactic acid, which is more efficient and more sustainable than current practices. And obviously that process in itself has value so we can then go to companies either not producing lactic acid but wanting to and offer our system as a more efficient and more sustainable version of it or we can go to companies that are currently producing lactic acid and see if there's a way that we can explore our technology and our research and our methodologies and our IP into the work that they're doing"* [Beta's Chief Marketing Officer, Interview 1 extract].

For Gamma: *"The direction is to have a strategy that allows us to quantify what our impact is on the environment in the future. At the moment we do it (...) in the sense that we know that [...] we have allies who are equally aware. I'm talking about shipping for example: X is a partner that pays a lot of attention among all couriers, for example to these issues. [...] I would add that [the strategy and] the value proposition [...] is to have strong control of the supply chain. So, we can [...] have access to large stocks at favourable prices"* [Gamma's Marketing Director, Interview 1 extract].

For Delta: *"Today [...] the mission of Delta lies precisely in accompanying companies in the development of the culture of sustainability within the organization. [In this path we start] from a discussion of values; therefore, we help companies to frame what are principles and standards of reference, anchoring governance tools, such as the code of ethics, to international references such as the 10 principles of the Global Compact or the 17 objectives of the 2030*

Agenda. Then [we translate] the value objectives into operational models through policies, systems and organizational models [...] according [them] to standards and therefore certified. It is a path that represents the first stage of the value proposition, because it acts on the cultural basis of the company.[...] When this first step is completed, we then begin to understand how this culture must then be expressed in operational objectives which must then allow the measurement of performance and therefore the integration of indicators, following the standard of the Global Reporting Initiative [...] [paying] particular attention to the procurement phase and the supply chain. [...] On this front we enter vertically to introduce principles and tools of circular economy with let's say the so-called "Closed Loop Recycling Program", which allows companies to exploit, in short, waste as a resource" [Delta's Project Manager, Interview 1 extract].

4.2 Structure

Structure defines how tasks are divided, assigning roles and responsibilities (Waterman, 1982).

For Alpha: *"our mission is to reduce office carbon emissions and costs as widely as we can. The way that we do that is that we have a vertically integrated business model. So, we do everything from office clearance, through lean manufacturing, transport, logistics, and also design, so our business model is about starting not with furniture, but with creating a beautiful design to meet the clients requirements and so we have a design team to do that and then we choose furniture that is really manufactured for that design (...). So, when we first started, it was just a bunch of guys who did everything, and now we've got departments with a bit of specialisation, which every company will do over time. (...). Hierarchy and structure are not really relevant in our sector, but they are relevant if you're linear and trying to become circular"* [Alpha's Founder and Managing Director, Interview 1 extract].

For Beta: *"We try and sort of run with a 'flatarchy'. So we want to encourage everyone in the company to have a voice. There's rarely a case where the seniors or myself are shutting down ideas from maybe the junior positions. That's never a thing we want to do (...). We try and have a level of 'flatarchy' when it comes to the research and development. So we sort of emphasise that although we do have a head of a department (...) we encourage sort of conversations and ideas and feedback or even pushback from all levels because obviously from the smallest seed a tree can grow. So we want to make sure that everyone in the company has a voice when it comes to R&D decision making"* [Beta's Chief Marketing Officer, Interview 1 extract].

For Gamma: *"[Gamma] is a small and medium enterprise due to a simple question of know-how and, let's say, (...) its birth is quite recent. If we want, therefore, we could still classify ourselves as a startup. (...) Because the point is that when everything is in the hands - now it seemed like a negative thing - of the executives [and founders] because they are the ones who have the knowledge, the know-how etc. etc. in their hands, [then] clearly what happens is that there is little delegation. (...) Instead, if we talk about the operator who, for example, does the tests over the phone or the operator who handles the shipments, so very practical tasks, [in that case] there is obviously a team leader who manages the group (...) we [as middle management, now] have decidedly more responsibilities than before"* [Gamma's Marketing Director, Interview 1 extract].

For Delta: “[Delta] is part [and founder] of the “XXX” [a network of companies for sustainable packaging]. It is the smallest of all the other companies of the network. Since it is not a production company, but a service company, a company that has been created to accompany network operators on the path towards sustainability [and circularity] (...) [Delta has] a slim and light organisational structure. It has no employees. It has collaborations that from time to time may be necessary to activate” [Delta’s Project Manager, Interview 1 extract].

4.3 Staff and skills

Staff refers to the people as pool of resources that an organisation has to develop, nurture, allocate and guard; *skills* refer to the key capabilities enabling an organisation to succeed (Waterman *et al.*, 1980).

For Alpha: “If you set up like we did from nothing as a circular company, that’s a different story. Everyone we recruit is committed to the circular economy and very passionate about it. So, every day, every one of our staff is suggesting new ideas for how to get more sustainable (...). Everybody in our team is pretty innovative (...) our people are always looking for better solutions and they’re quite creative about it (...). So the marketing department is really quite creative to come up with new ways of expressing what we do and linking with customers, and design department, pretty creative in coming up with nice designs for sustainable furniture. Our logistics department have come up with some really good ways to transport old furniture that is really efficient and store them as well, and our manufacturing team are always having to come up with new ways to develop remanufacturing processes for different problems they find in furniture (...) you need to be a bit more creative I suppose in every role around the circular economy (...). Remanufacturing is very different from the linear economy. So, if you look at a linear factory, they try and use their machinery as much as possible, whereas we try and use our people as much as possible, and that’s because every piece of furniture has a different problem that requires a different set of tools or a different bit of machinery. So, you never know which bit of machinery, but you do know that you need someone there to figure out what the problem is and solve it. (...) we train them in many more different things. (...) So, HR strategy is very different from linear companies [Alpha’s Founder and Managing Director, Interview 1 extract].

For Beta: “Within the company we’ve got people that are industry leading in their specific fields especially in organic chemistry and biochemistry especially in the production of organic acids from various sources (...) and then we have quite a small management team that will allow them, but essentially our job is to facilitate them to do the best work that they can as well as maybe holding them accountable occasionally. That’s what’s allowing us to sort of continue on and make sure like I said, we can bring the product to market” [Beta’s Chief Marketing Officer, Interview 1 extract].

For Gamma: “[During the recruiting] if there is interest or knowledge of the refurbished category [or reconditioned products], it’s clearly the so-called plus; the attention to sustainability issues, this is still one of the first [skills]. (...) In the hiring process, we also pay attention to these [sustainability] issues and then try to develop them in the company with training. [During the recruiting] we probably try to understand a person’s transparency and openness to dialogue. It is difficult to establish a relationship with an employee when there is an atmosphere of terror (...). So, what we try to do is to directly open the channel and say that

we from management side are open, for example to evaluating errors, that are things inherent to the job” [Gamma’s Marketing Director, Interview 1 extract].

For Delta: *“Delta (...) has started a process of integrating the internal [pool of] human resources necessary for business development. Consequently, we first started collaborations with other companies (...) then [we are now] starting a structuring of the company (...) an internal growth with the hiring of staff and the infrastructure necessary for business development” [Delta’s Project Manager, Interview 1 extract].*

Next, we highlight the managerial skills that from these cases have emerged as supporting circular economy implementation.

For Alpha: *“We have to have every single skill because we’re building a company from nothing. I suppose the most important thing is to understand business and engineering from the basics, because if you only have one way of doing business and that’s taken from the linear economy, it’s very difficult to adapt. (...). Because we are circular, that means we need a lot more relationships, not only for the skills but also to make sure the furniture comes back to us, because if we lose contact with the furniture, then it’s much more difficult to get it back. So, we need to have good partnerships with architects, with clients, with the suppliers. Collaboration is much more important for the circular economy than the linear economy (...). The biggest problem is perceptions of quality, because everyone thinks that something that is second life is automatically used and therefore involves a quality trade off. That’s the biggest problem we have and so we spend a lot of time educating clients about that (...) we design directly with the clients and for architects, where they’re involved, we educate architects on what we do quite a lot (...). I think what you’ll find is there is some aspects of a circular economy business that are exactly the same as any other business, but there are things like skill training and ethics and mission and motivation I think will be quite different for circular economy and that creativity and flexibility, you have to have those otherwise you can’t... because we are essentially creating a new category of furniture” [Alpha’s Founder and Managing Director, Interview 1 extract].*

For Beta: *“I think the biggest step is finding people to join your team that were already before having to install any principles share some kind of morals or some kind of principles. So, I think you’re never going to get someone that doesn’t care about the environment suddenly care about the environment overnight. So, it’s about making sure that yeah, the people that join our team at a core want to sort of deal with and explore sustainability within their work and I think that’s really important. I think I guess continually sort of reminding and instilling the sense of purpose and sustainability is important and we always make sure that we challenge options. (...) I think it’s important that people communicate and actually implement the ethos that a company is built around. So I think as a manager it’s always important to remind the team and the whole company of the company vision, the ethos and what it is we’re trying to do because that can just sort of, sometimes it can bring people back in and centre people and allow us to maybe streamline the process or make some decisions based on what those company beliefs are” [Beta’s Chief Marketing Officer, Interview 1 extract].*

For Gamma: *“At this moment, two great skills for a manager who works at Gamma are method - therefore, knowing exactly that there is an analytical phase and which is then obviously followed by a communication phase with all the internal stakeholders - and then transparency, in the sense that we know very well that there are things that don’t always work*

in favour of our business model, but we also need to know how to make the right decisions for the future” [Gamma’s Marketing Director, Interview 1 extract].

For Delta: *“[Delta] over time has built a resource-portfolio of competent figures and in some cases, [Delta] has even trained resources itself. Delta was a partner in a project launched by the XXX research consortium (which is an inter-university consortium) which also has in its offer a course for CSR experts (...). It is a course which is in its fourth edition this year and which therefore teaches transversal and vertical skills which we have often drawn on [...] [Delta’s Project Manager, Interview 1 extract].*

4.4 Style

Style refers to management behaviour and the leadership style (Waterman, 1982).

For Alpha: *“If you are dealing with people who are motivated by creating a better world, which is the whole sustainability and circular economy community, you have to be (...) generous to people, friendly, respectful, and trusting (...). So, if you’re ruthless in business and screw over your competitors and your suppliers, what I’ve found is... first of all, it’s hard to do business. Especially in a highly collaborative industry, and secondly, I think you would find it difficult to succeed, because sustainability people are nice people and nice people like dealing with nice people. So, we try and be nice people (...). It’s my job to try and keep our company, a nice bunch of people” [Alpha’s Founder and Managing Director, Interview 2 extract].*

For Beta: *“I think I guess continually sort of reminding and instilling the sense of purpose and sustainability is important and we always make sure that we challenge options (...). As a manager it’s always important to remind the team and the whole company of obviously the company vision, the ethos and what it is we’re trying to do because that can (...) bring people back in and centre people and allow us to maybe streamline the process or make some decisions based on what those company beliefs are” [Beta’s Chief Marketing Officer, Interview 1 extract].*

For Gamma: *“The type of leadership is evolving very quickly. We are talking about a leadership that was (...) micromanagement. [After a first period] let’s now talk about a leadership that is perhaps more attentive to results and not to procedures. (...) [Now], I see that executives are leaving [or better delegating] especially to the middle management. I think of myself, I think of the salespeople clearly with great responsibilities compared to the past and (...) and therefore to the implementation of different solutions.” [Gamma’s Marketing Director, Interview 1 extract].*

For Delta: *“[Empathy, empowerment, equity, enablement of our collaborators] are elements that, let’s say, we have (...) in our business management” [Delta’s Project Manager, Interview 1 extract].*

4.5 Systems

Systems are the formal and informal procedures that make an organisation work (Waterman, 1982).

For Alpha: *“I think it’s pretty important to have an inventory management system, because we have lots of parts and they’re all in different conditions, so we need to be able to track those”* [Alpha’s Founder and Managing Director, Interview 1 extract].

For Beta: *“We’ve done a lot of systems thinking and mapping and things like that. (...) We’ve definitely tried to implement systems thinking throughout sort of key decision making to ensure that we’re staying as true to our ethos as possible”* [Beta’s Chief Marketing Officer, Interview 1 extract].

For Gamma: *“The only way to differentiate yourself is networking. So, let’s say, it’s to associate with partners who give added value to what you do”* [Gamma’s Marketing Director, Interview 1 extract].

For Delta: *“(…) since Delta is such a small structure, let’s say, my role is to intercept the customer’s needs, build an intervention proposal, acquire the customer and develop the needed activities. [These] activities (...) obviously from time to time may require the integration of different competencies (...), so many technical figures who can come in and who are obviously then coordinated by me as project manager. There is no a real system of delegation. (...) There is a fair compensation that is accepted by the parties. We often prefer to work with women, but we value skills with a growth perspective”* [Delta’s Project Manager, Interview 1 extract].

4.6 Superordinate goals

Superordinate goals refer to an organisation’s guiding values and aspirations, the fundamental ideas upon which an organisation is built and form the core of its corporate culture (Waterman *et al.*, 1980).

For Alpha: *“Our mission is to reduce office greenhouse gas emissions and costs (...). We have a very customer focused culture but also a heavy sustainability culture because we’re always looking to improve the sustainability of our furniture”* [Alpha’s Founder and Managing Director, Interview 1 extract].

For Beta: *“Collaboration, sustainability and innovation (...) and also, people and planet”* [Beta’s Chief Marketing Officer, Interview 2 extract].

For Gamma: *“At the moment we are doing projects with “XXX” (which is a local company) and with which we are actively trying to create, for example, events for information purposes. (...) For example, the potential customer (...) will have to bring a used phone to participate in the event. This ensures that there is more awareness, and that the rhythm of circularity is also established. (...) because circularity is essentially this: no longer creating a transactional approach (I buy, you sell, etc., etc.) but the same phone passes from hand to hand. So, what do we want to do? We want, let’s say, to break down this type of transactional market, to put phones into circulation, to expand the offer, that is, at a certain point we no longer work on phones, but also on services, in such a way that it becomes a habit, that is, the refurbished must become part of the habit of purchasing and using behaviour”* [Gamma’s Marketing Director, Interview 1 extract].

For Delta: *“First of all, maximum fairness and transparency [are components of our organisational culture]. An ethical approach to conducting business is a characterising element of our way of being people and then of running a business. [...] The other is based on the idea of article 42 of the [Italian] Constitution, that is, that the company is, let's say, a fundamental member of the community which has its own citizenship and as such must participate in the well-being of the territory in which it operates. And we are therefore convinced that the company's mission is not only to generate value for itself, but to generate value for all stakeholders and therefore be part of the territory”* [Delta's Partner and Marketing Director, Interview 1 extract].

5. Discussion and Conclusion

This study has highlighted the managerial and organisational implications associated with CBMs implementation within the context of two British and two Italian companies. For the organisational aspect, we employed McKinsey's 7S framework (Waterman et al., 1980; Waterman, 1982), a useful tool to highlight the many parts in an organisation's systems that are responsible for organisational effectiveness and in our cases for CE implementation. Particularly, we found that our organisations are characterised for having clear strategic goals, a vision and a mission that is actively communicated and shared across the organisation, a vertically integrated as well as a flat organisational structure, a customer and sustainability focussed culture, a passion and motivation for the CE, which is shared within the organisations and is being instilled, as well as mastering innovativeness, creativity, specialised skills and systems thinking and mapping. This study also highlights the importance of each of the elements in the McKinsey's 7S framework for successful strategy implementation and organisational effectiveness. In terms of managerial skills, developing good collaboration skills, overcoming consumers' resistance about products with circular features, communicating the vision within the organisation and recruiting people who share the same passion and ambitions are crucial managerial skills supporting CE implementation within the organisations investigated.

Overall, with our paper we have contributed to advance CE literature by illustrating the managerial and organisational implications of CBMs implementation within the business context. The literature on the CE has grown substantially recently. Yet empirical studies showing how CE principles are implemented in practice are very limited and we sought to contribute to this important aspect of the CE literature with our study. Furthermore, our study shows the usefulness of McKinsey's 7S framework within the context of CE research and advances understanding of the CE from a strategic management perspective, whose contribution to the CE literature has been limited to date. Additionally, three of our cases representing CE implementation in the biological cycle and B2B sector, bring further elements of novelty in the CE literature where most studies have paid attention to the technical cycle and the B2C sector. Moreover, this study has relevance for practice since it points to the many strategic organisational factors that businesses must consider if they want to adopt a circular strategy or transition from a linear to a circular approach. Particularly, they may want to assess each of these components to understand where intervention is needed and the resources that should be devoted to that to support circular strategic change within the organisation.

We are aware that this study has also some limitations. Particularly, our insights are based on four cases only, which limits the generalisability of our findings. Nonetheless, the line of

argument we have developed here may act as guidepost for future management research in the CE field. Future studies may apply our framework in other settings to further illustrate the organisational and managerial implications of CBMs implementation and the managerial skills supporting the implementation of CBMs.

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