Circular Business Model & Storytelling
Learning Outcomes
Learning Outcomes
103 - Day 5

1. Understand and define **different approach to circular business model**
2. **Create circular business model** for project
3. Understand and **practice storytelling**
Agenda
103 - Day 5

1. Last week Review
2. Circular Business Model
3. Storytelling
1. Last week Review
Last week Review

- How many people were interested in your product/service?
- Did you achieve your last week’s KPIs? If not, why?
- Any difficulties?
Duration: 20 minutes

- **Presentation**: 15 minutes
  - Trainers can invite some teams to present their last week’s results. Each team has 2 - 3 minutes to present.

- **Wrap-up**: 5 minutes
2. Circular Business Model
Approach 1

Circular Cards Mindset & Impact Business Model Canvas
Duration: 05 minutes

Key points:

1. **Green cards** suggest “methods” to make your project more circular. **Yellow cards** suggest the aspects that need to be considered.

2. Instruction:
   a. Write your idea in the center of the graphic
   b. Read through the cards
   c. Start from Stage 1 and use green cards and yellow cards as inspiration.
3. This tool can be used to train circular mindset. There is no right or wrong answer. It is encouraged to validate assumptions and revisit these cards when team have new insights.

4. This tool can be used as inspiration to draw the value chain and circular business model.

Reference:
1. [https://miro.com/app/board/uXjVPNY10Yw=/](https://miro.com/app/board/uXjVPNY10Yw=/)
Impact Business Model Canvas
Duration: 05 minutes

Key points:
2. Circular actions in Circular Cards Mindset are added to corresponding parts in this canvas.
Approach 2

Circular Canvas User Manual
**Duration:** 05 minutes

**Key points:**

1. The central part (in the middle of the canvas) is the key part.

2. Start from central part, left to right. Then move to Cost Structure in the bottom and Impact in the top.

**Reference:**

Approach 3

Business Model Canvas
Business Model Canvas

Adapted from: Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers Book by Alexander Osterwalder and Yves Pigneur
Duration: 10 minutes

Key points: The trainer takes the time to explain the components of the business model

1. Customer segment:
   a. Clearly define what type of customer segment you are targeting?
      It includes Mass market; Niche market; Segmented market; Multi-faceted platform
      (For example: Google provides a free information search service for all internet
      users but makes money from companies, businesses, and organizations that want
      to advertise to get good search rankings on Google).

   b. One should also be able to answer the question “How many customers might
      there be in each targeted segment?”
2. **Value propositions: the most important part of the business model**
   
a. What make you different from competitors and what value do customers perceive from your products and services?

b. Students can choose one of the **following 11 criteria**: Novelty; Effectiveness; Customization capabilities; Problem solving; Design; Brand/Status; Price; Cost savings; Risk reduction; Accessibility; Utilities/Availability.
3. **Channels:**
   a. There are different types of channels with different functions, so students need to specify which channels they have, are and will use to:
      i. **Raise customer awareness** (e.g., advertising channels: facebook, through customer groups);
      ii. **Help customers evaluate the value** (e.g., offer a trial);
      iii. **Allow customers to buy** (online or in-store, etc.);
      iv. **Value delivery** (through provisioning services, complementary services, etc.);
      v. **After-sales support** (after-sales service).
   b. When building channel portfolio students need to consider following questions:
      i. **It that channel owned by you or not?**
      ii. **Is that direct or indirect channel?**
4. **Customer relationship:** Specify relationships will be maintained with customers. It can be done through personal, one-on-one support, or special assistance, customers self-serve, automate services, maintaining a community, or creating new value together.

5. **Revenue streams:** Specify where those revenue sources come from, how much each revenue stream accounts for total revenue.

6. **Key resources:** Human resources, technical solutions, intellectual assets, finance, etc.
7. **Key Activities**: Identify key activities that drive your business model. Clarify how value propositions are realized, the channels for delivering value, customer relationships, and revenue stream factors impacting the core business.

8. **Cost structure**: Identify activities and inputs that will require funds within a functioning model.

9. **Key partners**: Identify key partners for the business model who can support you with delivering value to customers.
Simplified Value chain

Design & Develop products → Production (Input, Transformation, Packaging etc.) → Marketing → Consumption → Recycle/Reuse → Zero waste/emissions

Integrate sustainability in value chain
Duration: 15 minutes

Key points:

1. Briefly explains a simple value chain that will have 4 parts:
   a. Product design and development;
   b. Production: input processing, converting processing into products, internal logistics, packaging
   c. Marketing activities (marketing, distribution, sales)
   d. The end of the value chain is consumption.

However, in the circular economy, the expected value chain is extended to three other elements. The project should integrate circularity into value chain from the beginning. In other words, the project should adapt CE approach to designing, developing, production, marketing to the end of life cycle of the product/service.
Circular Business Model

Model 1
Transitioning from a linear business model to a circular economy

Model 2
Developing a new circular business model
Duration: 05 minutes

Key points: Clarify that the circular economy business model is divided into 2 models

1. **Model 1:** Existing business models are moving towards a circular economy, also known as circularizing the current business model.
   a. In this model, established enterprises will have to transform all components in their model towards CE. To do so, understanding the business model and value chain is considered the most important.

2. **Model 2:** Developing a new circular economy business model from scratch
   a. In this model, startup choose to build circular business model from the very beginning. It is extremely important to design the value chain to ensure circularity from the beginning.
Model 1

Transitioning from the traditional business model to CE
Example of a circular value chain

Design
Products and services in a circular direction

Production
Input
Production process
Packaging

Distribution

Consumption
- Main product
- Byproduct

Withdrawal / Disposal
Waste
Packaging

Reuse
Waste
Packaging

Recycling
Waste
Packaging
Emissions
Duration: 10 minutes

Key points:

1. For example, you have an existing value chain
   a. Step 1: Redraw your value chain
   b. Step 2: List activities to ensure the circularity of the whole new value chain
   c. Step 3: Classify activities into easy-to-do and difficult-to-do groups
### Transform into a circular business model

Questions to ask for established company to shift to CE

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<tbody>
<tr>
<td>Customer increases/decreases when recirculating business model</td>
<td>Redesign value to fit CE</td>
<td>How do channels adjust to CE?</td>
<td>How will the relations change?</td>
<td>How will they change? Add/Remove revenue streams?</td>
<td>Which resources will be added/reduced</td>
<td>Which activities will be added/reduced</td>
<td>Which partners are needed to move towards CE?</td>
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<td>Which elements will increase and decrease?</td>
<td>Which impact can you create?</td>
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Duration: 10 minutes

Key points: After questioning the change of the value chain, the trainer guides the students through asking initial questions and assumptions about the circular business model you intend to develop.

Step 4

- **Customer Segments:** Who do you assume the new customer personas will be? How many potential people are there in the segment? Will the number of customers increase or decrease?
- **Value propositions:** What is your new value proposition design? How will these new value propositions make a difference and show the direction of circular?
• **Channels:** How will each group of channels adjust to the circular business model? For example, to recover product packaging for reuse, do you need to create a new channel for collection? The number of channels will increase or decrease.

• **Customer Relationship:** How do you interact with your customers in a new way to make the cycle work?

• **Key Resources:** Do you need to add new resources or reduce old resources as you move towards circularization?

• **Key activities:** When performing the circularization, what main operations will be added/removed?
- **Key partners**: What partners need to be added or replaced to cycle the business model

- **Cost structures**: How will the cost structure change, increase or decrease?

- **Revenue streams**: How will the revenue streams change (increase or decrease)? Which stream in particular will increase/decrease?

- **Impact**: Which impacts will be created? Positive and/or negative
Classify and Prioritize

- **Step 5:** Classify changes into 2 groups: Positive and negative; Difficult and Easy to use 2x2 matrix
- **Step 6:** Select the order of priority according to the resources/strategic direction of the business
Duration: 05 minutes

**Key points:** Trainers should instruct the students to prioritize according to the 2x2 matrix

1. Select and start with horizontal axis first:
   a. Do not rush and create an axis that includes both criteria from the beginning, as students will tend to put all criteria in one section. Take it slow and think carefully. For example, sort by the criteria “positive; negative” first.

2. Switch to the second criteria. Draw a vertical line in the middle according to the "easy to do" criterion, move vertically the previous priorities along the vertical axis (remember not to change the position in the previously arranged horizontal row).

3. At this point, you have seen an interesting picture of the priority order of which to do first.
Developing a new circular business model
Develop a circular business model from the beginning

- **Step 1**: Draft your business model as normal – V1.0
- **Step 2**: Analyze each component in the business model, clarify the circular factor in each aspect – V1.0
- **Step 3**: Build your circular value chain – VC1.0
- **Step 4**: Clarify the value chain of circular elements – VC2.0
- **Step 5**: Adjust your circular business model after value chain analysis V2.0
- **Step 6**: Clarify the potential risks to circularity in your value chain and business model
- **Step 7**: Clarify the potential impact (positive and negative) for your business model
Duration: 05 minutes

Key points:

1. Forget the first version of circular business model. It will be adjusted regularly
2. Based on the initial version of business model, you can work on the first version of circular business model (V1.1)
3. Next, you should create circular value chain and clarify challenges you might face when you participate in this value chain
4. You will continuously adjust the value chain and circular business model
5. The circular business model can be affected by external factors including law, technology maturity. Trainers should encourage students to take these factors into account to adjust their circular business model and value chain accordingly
Develop new circular business model

<table>
<thead>
<tr>
<th>1. Customer Segments</th>
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<tr>
<td>• Are customers interested in your pursuit of a circular economy model?</td>
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<td>• Are customers willing to pay more for the value of the circular product?</td>
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<th>2. Value Propositions</th>
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<tr>
<td>• Design/package value brought to customers when implementing circular economy</td>
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<tr>
<td>• Any new values?</td>
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<tr>
<td>• Is there any better value than not following the circular economy model</td>
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<th>3. Channels</th>
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<tr>
<td>• Raise awareness</td>
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<td>• Help evaluate</td>
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<td>• Help with shopping</td>
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<tr>
<td>• Value transmission</td>
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<tr>
<td>• Reuse</td>
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<td>• Recall</td>
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<td>• Recycling</td>
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<th>4. Customer Relationships</th>
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<tr>
<td>How to make better customer relationship without emission or waste</td>
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<th>5. Revenue Streams</th>
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<td>• Revenue from products/services</td>
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<th>6. Key Resources</th>
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<tr>
<td>• Input for production</td>
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<tr>
<td>• Production equipment</td>
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<tr>
<td>• Does your circular resource contain any technology/know-how?</td>
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<tr>
<td>• Can you maintain that advantage in the long run?</td>
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<th>7. Key Activities</th>
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<tr>
<td>Provide circular products/services</td>
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<th>8. Key Partners</th>
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<tr>
<td>• Supply of input materials</td>
</tr>
<tr>
<td>• Supply of semi-finished products</td>
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<tr>
<td>• Providing solutions for recycling, reuse, recovery</td>
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<td>• Partners help you realize your value chain</td>
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<th>9. Cost Structure</th>
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<tbody>
<tr>
<td>• Packing</td>
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<tr>
<td>• Recycling, Recovery, Reuse, Market education</td>
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Duration: 10 minutes

Key points: After questioning the change of the value chain, the trainer guides the students through asking initial questions and assumptions about the circular business model you intend to develop.

Step 4

- **Customer Segments:** Who do you assume the new customer personas will be? How many potential people are there in the segment?
- **Value propositions:** What is your new value proposition design?
- **Channels:** How will each group of channels adjust to the circular business model? For example, to recover product packaging for reuse, do you need to create a new channel for collection?
● **Customer Relationship:** How do you interact with your customers in a new way to make the cycle work?
● **Key Resources:** Do you need to add new resources or reduce old resources as you move towards circularization?
● **Key activities:** What are main activities to ensure circularity?
● **Key partners:** What partners need to be added or replaced?
● **Cost structures:** How does cost structure look like? Take cost for circularity into consideration.
● **Revenue streams:** What will be the revenue streams?
● **Impact:** Which impacts will be created? Positive and/or negative
Create circular value chain from the beginning

**Design**
Products and services in a circular direction

**Production**
- Input
- Production process
- Packaging

**Distribution**

**Consumption**
- Main product
- Byproduct

**Withdrawal / Disposal**
- Waste
- Packaging

**Reuse**
- Waste
- Packaging

**Recycling**
- Waste
- Packaging
- Emissions
Duration: 10 minutes

Key points
1. Trainers should differentiate between value chain for business transforming into CE and this value chain. If you develop circular business model from scratch, you need to build a business model first and then create a value chain.

2. For example, you have a value chain
   a. **Step 1:** Draw value chain according to your assumptions
   b. **Step 2:** Define activities to ensure the circularity in your value chain.
Practice
Group work

- Try Circular cards mindset (tool 1)
- Draft your project's circular business model and incorporate the resulting activity and impact into your model
Duration: 30 minutes

- Trainers invite students to Breakout Rooms to practice
- Students have 5 minutes/group to present the project's circular business model
3. Storytelling
Why do startups need to tell stories?

“Tell me and I forget, teach me and I may remember, involve me and I learn”

Benjamin Franklin
Duration: 05 minutes

Key points:

1. Trainers ask following questions:
   a. Why do you need to tell a story for your product or service? (Suggested answer: Storytelling is the best way to engage users and/or customers in the world of products or services.)
   b. Therefore, every startup project is a story, users must find themselves part of that story.
What does a story convey?

- Build connections
- Build engagement
- Stick with the goal
- Allow each person to draw something
- Deliver risk-free testing
- Increase exchange and enrich ideas
Duration: 05 minutes

1. Before telling the effects of storytelling, the trainers can ask students
   a. *Which story do they like the most, and why is that?*
   b. *Which startup story impressed you?*
SMART Storytelling

S  Create stage  M  Manage expectation  A  Answer the questions  R  Repeat the process  T  Take advantage

Set the scene where the story takes place and entice the audience to step in; Create Empathy, Build Scope

Every slide, every part you tell, every piece of information is creating anticipation for the next steps

Once you have raised/provoked questions from customers, you must find a way to answer them

Present information; Incorporate questions. Answer the questions; Repeat this process continuously and form a flow

Strong, emphatic, confident ending to call for action.
Duration: 05 minutes

1. Before teaching, the trainer can ask students
   a. Have students heard about SMART, have they applied SMART yet?
   b. In this storytelling instruction, the meaning of each word has changed, can you share your principles of storytelling?

Reference:
1. [https://fi.co/insight/startuptelling-startup-storytelling-the-smart-way](https://fi.co/insight/startuptelling-startup-storytelling-the-smart-way)
Tips
Errors to avoid

1. Lack of emotions
2. Overuse of technical terms
3. Lack of human presence
4. Long and boring story
5. Lack of conflict (difficult, dramatic episodes)
6. Lack of sincerity
7. Possessiveness: make the story yours and yours only
Duration: 05 minutes

Key points: Note that the students made some mistakes when telling stories about products and services.

- **Lack of emotions:** If you only tell a rampant story without passion, it is very difficult to convince and keep the audience engaged.

- **Overuse of technical terms:** Making the story confusing for many people, especially new technology elements.

- **Lack of human presence:** Stories that are purely technological, technical, without presence of people will not draw the attention and empathy from the audience.

- **Long and boring story:** If the story is told without pauses, with too many details, the listener will lose focus.
5. **Lack of conflict (difficult, dramatic):** It will be difficult to highlight the value your solution brings to customers.

6. **Lack of sincerity:** Insincerity will always be recognized no matter where. Pretending to make storytelling efforts backfires.

7. **Possessiveness:** make the story yours and yours only. Stories make sense when everyone finds themselves in it in some way. Focusing too much on yourself will prevent your story from replicating. Remember you are bringing solutions for people to write their own stories.
Presentation
Wrap-up

Write down 03 things you like in today's lesson (5 minutes)
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**In English:**
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