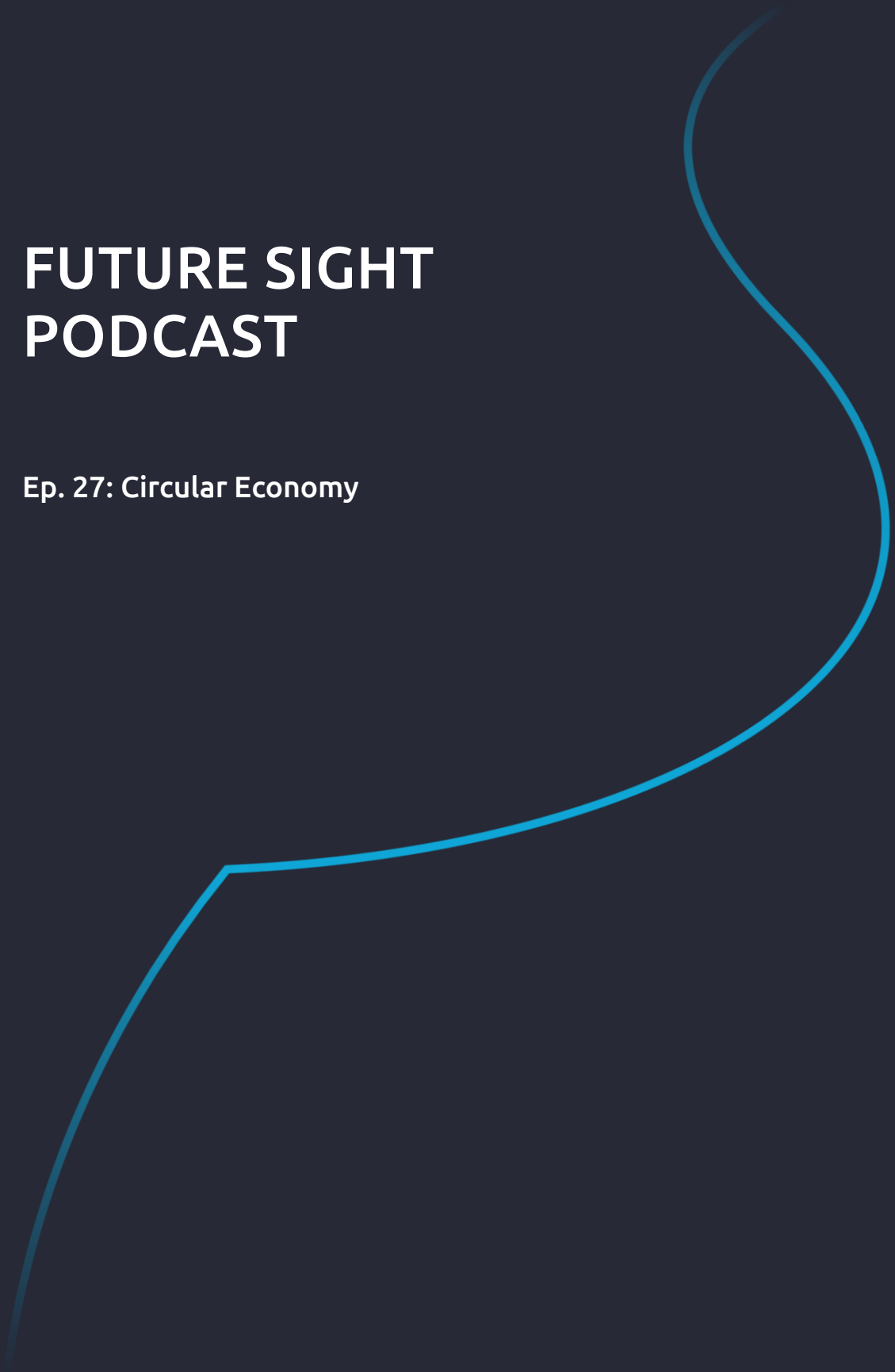# FUTURE SIGHT
PODCAST

Ep. 27: Circular Economy

Future Sight Podcast by Capgemini Invent

As business and technology move forward at a rapid rate, it has become increasingly important to explore new ways to adapt and grow for the future. This podcast is your guide to that future journey.

Join us as we explore a new topic in business, technology, and transformation. Find out more about the challenges businesses are facing today and what they can expect in the future. Listen to leading industry experts as they break down need-to-know, actionable approaches with strategic insights and provide tangible takeaways.

Listen to more Future Sight episodes here: https://www.capgemini.com/podcasts/future-sight-podcast/

Episode Transcript

Liz Lugnier: This is Future Sight – a show from Capgemini Invent. I'm Liz Lugnier. On this show, we explore new ways for you to adapt and grow for the future in business. On this week's episode, we're discussing the future of the circular economy. We've seen a shift in recent years towards more eco-friendly practices in all areas of industry, but circularity is the true goal for any sustainable business.

But what does true circularity entail? And how can it be good for both the environment and your business? Joining me today, to explore this, are experts from here at Capgemini.

Courtney Holm: Hi, everyone. I am Courtney Holm, VP of sustainability solutions for Capgemini Invent UK.

Lindsey Mazza: Hello everyone. I'm Lindsey Mazza. I am Capgemini group's global retail lead, and I'm responsible for helping to develop our practices that make Capgemini more sustainable and can support our clients in their sustainability journeys.

Liz Lugnier: And from circular economy leader, Interface.

Jon Khoo: I'm Jon Khoo, from a company called Interface. We're a flooring manufacturer.

Liz Lugnier: So, let's get right into unpacking the issues. Jon, how can we define what the circular economy is?

Jon Khoo: It's a cracking question and a big question. And I think I'll start with this. You'll see that slogan at protests that always says, "there is no planet B". And to me, what that relates to in the circular economy is we do have one planet. We have finite resources, and we can't waste it. And I guess one that if you think about nature never does waste, anything from one kingdom gets used by another. And so humans came along.

Liz Lugnier: How does circular economy apply in the retail industry? How would you define it for retail, Lindsey?

Lindsey Mazza: There are so many things that are happening in retail in the circular economy. I think the point is that consumers don't necessarily have awareness of what's happening out there. And we see things like a third of all food is wasted, or 85% of textiles end up in a landfill the next year. These are things that really tell us that as an industry and as a group of consumers, Jon mentioned, the world doesn't waste, but humans do. Humans really change that.

Our awareness of what is becoming a more and more pressing and challenging issue has got to come to the forefront; and our awareness will drive our industry in order to make changes. And so, what I like is the idea of seeing that our industry is becoming aware. You have companies like Patagonia at the forefront of selling a new product, as well as selling used product from the same site. You have even charitable shops in countries like the Netherlands and the UK that are using circular economy in order to advertise what products they have available.

And you're seeing on all fronts from luxury to all kinds of used goods be available to consumers. And so, it's creating this environment where as a retail industry, we're able to find success in transitioning our consumers to buy something that may not be new or maybe through a use of circular.

And it's creating this opportunity that the more that consumers become aware and the more that they're able to press their personal ethics for sustainable practices and, consuming things that have been reused to the brands that manufacture new things, that those brands will make changes as well.

I really like where the industry is headed; I like the idea that consumers are becoming more aware; and I think it's our job as an industry to educate consumers so we can continue perpetuating the cycle of circular economy.

Liz Lugnier: Oh, that is absolutely fantastic Lindsey. Courtney, what do you define circular economy as? And how does that apply to some of the other industries outside of retail?

Courtney Holm: So for me, circular economy hearkens back to what Jon mentioned earlier. It is that in nature, we don't see waste. Humans have created waste as a construct. It is a very human construct. And I think, controversially, I'll say that I think that humans need to change behavior around overconsumption. And I think that overconsumption is driving the issue around waste. And I think that laziness is also driving some of those noncircular activities, which we see proliferate in our society, at the moment. So for me, if we think about what circular means: it's about closing the loop, it's about using those finite resources as much as we possibly can until they're

degraded to a point where they can no longer be purposefully reused, and then finding a way to recycle them or incorporate them into a new waste stream or a new stream.

So, that would be by melting them down or using them as a component part into something else but keeping them intact for as long as possible in their current form before they're transitioned into their raw material again, then reused in some way. Manufacturing obviously is an easier one there, I think that as we get into manufacturing as we see with Interface.

Lindsey Mazza: I was only going to add to Courtney. I'm with you a hundred percent: really closing that loop and keeping things in the cycle as long as possible. And then just adding to what you shared, regenerating natural system, really avoiding the use of non-renewable resources, and then preserving those that we had.

So whether we can support regeneration using renewable energy, as opposed to relying on fossil fuels, or return the nutrients that we've taken out back into soils, into the ground, and other places. So really to complete that full life cycle of what a product is, design out waste of pollution, keep the products in use, and then regenerate as we can.

Liz Lugnier: Great. That's perfect Lindsey. I think that's a great add. Courtney, you just mentioned Interface. Jon, why don't you talk to us about what Interface is and the journey into the world of circular economy?

Jon Khoo: So at Interface, we're a flooring manufacturer. We make carpet tile, luxury vinyl tile, and nora rubber flooring. And our journey on circularity started back in the 1990s. And really, it's a journey on sustainability and circularity. When we started to hear a question from our customers, they were starting to ask us: "what are you doing about the environment?" And our late founder, Ray Anderson was to discover that our successful carpet tile business that he'd built since the 1970s was a huge emitter of carbon emissions, but also that it was really wasteful; that at a factory level, at an installation level, and at an end-of-life level, there had been no thought. He learned that there is no way, and he set us on a mission to mitigate any negative impact we had.

And a big part of that was tackling waste and starting to think about whether waste could be seen as an opportunity. For example, one way that you can turn waste into an opportunity is to think about using more recycled content in your products. Because if you use more recycled content, coming from forms of waste, you can help turn off the tap to virgin oil. And if you can help turn off the tap to virgin oil, as well as being circular, you look to be more low carbon because you're turning off the tap to fossil fuels. So for us, what we've been doing for the last 27 years is looking at how we can incorporate more waste in our products.

And then equally, we can make sure that they can be reused, repurposed, or recycled back into being new products again. And the final point I'll make here is: as a manufacturer, you should be designing good quality products that are going to last a long time and have a proper life. We have always positioned ourselves as manufacturing products that can last 10 or 15 years over time, not carpet tiles that are just there for three years, and then finding their way to land waste of energy. So, whatever you make I do feel you should be designing it to have a long and proper life as a product.

Liz Lugnier: I think that's fantastic. And you said that you've been doing this since the 1990s. How have ideas around the circular economy evolved since then?

Jon Khoo: I think they've evolved a lot over time. One of the things we saw in the 1990s was people thinking about how could I reuse a waste material? But how it got reused wasn't always the most functional. Now what I think about there is people would recycle clothing and cotton shirts into shoes or they'd produce something that functionally wasn't so impressive, but this was important.

It was important in the journey of sustainability, in the journey of circularity to learn that if you're going to have a circular solution and you're going to have impact in the market, it has to still meet the functional needs, the economic needs, and the aesthetic needs of the market. So, I think we've become much more sophisticated now in creating scaled, circular solutions that are functional, that are aesthetically pleasing, and that are starting to have parity in relation to cost as well, when I think that is how you scale.

So back in the nineties, it was the innovative, disruptive times of seeing what could be different. Now we're starting to see those seeds grow into actual change.

Lindsey Mazza: I couldn't agree more. I think what we've seen as part of the journey that we've undergone in terms of being able to create sustainability within this industry, within consumer products, and within retail, is that we've really made a move. And in the nineties, we saw companies come out and say "okay, we'll refill your

shampoo bottle, we will refill your water bottle or your soda bottle or others." And you have to save your bottle. You have to wash it out. You have to bring it back. You have to have it at the store. There has to be a tank at the store in order to do it.

It becomes a large onus on the consumer in order to make the functionality work, in order to be sustainable. And we've seen so many changes to that in the functionality of the products and what's come to market in terms of being able to help support the consumer journey and being sustainable. We're seeing soap bars that are dry shampoo instead of having to refill an existing liquid package that are able to ship in a compact way to take less carbon footprint from the shipping.

We're seeing reduced single-use plastic containers. So, same idea, but some UK retailers like Tesco and Asda, they are trialing refill services that are not the traditional refill format where you bring your own bottle back. But the consumer doesn't have to bring in a package. It's a prefilled container that's returned post use, and you still just buy the next one. But the same one comes back, and it is washed by the brand itself, washed in the store or washed by the brand in order to give it to you.

So reusing those containers, but not putting the onus on the consumer in order to do that, I like, as… Changing the functionality, bringing something that's both aesthetic and functional back to the retailer to give to the consumer to make it something that consumer is easy and convenient.

So that consumers can be like, like Courtney, as you said, consumers can be a little bit lazy about doing it but can still buy things that match their personal ethics and match their brand and their own brand ethos of saying "I want to do the right thing, please make it easier for me to do." I think that's happening today. And that's been a big change from the industry's push in order to bring things. Jon said making a product that lasts and making one that's easy for the consumer to be able to identify with and to be able to use. And that really works.

Liz Lugnier: I think that making sustainability convenient is so important in the overall journey. Courtney, do you have anything to add?

Courtney Holm: Yeah, just two things. I've been doing a lot of thinking recently about two topics. So, the first is that how we start to envision a new version of quality to be equivalent to what's most sustainable. And the same with luxury as well. Like for me, a quality good and a luxurious good is one that's sustainable by design.

And I also think that we need to get to a point where unsustainable products and formats are more expensive than those intrinsically sustainable in and of themselves. So for example, bar shampoo is not new. It's been around for decades. You can even make it at home, but anyway. So, bar shampoo should be less expensive because plastic is quite an expensive way to move shampoo around. So, for me, those two things are quite important for us to get to in the next iteration of how we deliver products and services, thinking about ways of selling sustainability as the best quality, the most luxurious and the most affordable option.

Lindsey Mazza: Wait, while taking, Courtney, consumers need to know they exist and be willing to use them and find them to be easy in order for them to exist out there.

Jon Khoo: I think one interesting point, from Courtney and Lindsey, there is an interesting generational thing that happens here. A lot of people of an older generation, when you talk about the circular economy or reusing milk bottles or using bar soap, will just say that's just common sense. Whereas we sometimes wonder about a terminology on it.

Someone who's studying it at a business school or university will probably come with a technical term, like the circular economy. And maybe there's something to explore there in terms of how we connect and how we talk about circularity. That, it might mean slight… there might be different ways to explain it to different people because with the plastic packaging side, especially as Lindsay was saying with groups like Tesco is working with Loop and looking to have reasonable packs. It's really interesting to see people's responses, that people are looking back to say "we had some of these lessons in the past, but we just chose to go a different route; we chose to go a more wasteful route because it seemed cheap. It seemed convenient; but now we better understand the impact of what we chose and then we are self-correcting in relation to that. "

Courtney Holm: I guess I'm calling myself old, but I remember the milkman coming round. I do. We even had a box in the front porch. We didn't have to do anything.

Jon Khoo: They are having a renaissance within the UK, for the last couple of years!

Liz Lugnier: I'm younger, but I grew up in the middle of nowhere. So, we actually did have the milk bottles too. But when I was kid, we also had the Coke bottles that you could return and have filled into. And I remember those as well. And my dad always had lots of glass Coke bottles. Let's talk a little bit about: how does circularity differ from other sustainability strategies?

Courtney Holm: So, for me, circularity requires a systemic change in how we conceive of, create, sell, use, and return products back into the cycle. So, for me, it is… when we talk about regenerative and it's another one of those buzzwords, Jon; for me, regenerative and circularity really go hand in a way that the blanket term sustainability does not. So, sustainability can mean lots of things to lots of different people. But for me, circularity can really only mean one thing. We're designing out waste and we're making sure that whatever you're putting out comes back through. And for me, that also ties in very closely with regenerative principles. And because if something is truly circular, most often than not, it should be regenerative as well.

Liz Lugnier: Excellent. And what kind of challenges do businesses face when they try to implement circular strategies? Lindsey, why don't we start with you there?

Lindsey Mazza: I think it's about the consumer. Courtney and Jon have really talked about this idea of it has to be convenient. It has to be at a similar price point that a consumer is able to make the switch to do something that's better. And it has to match the personal brand ethics of that consumer as well.

So, part of it is raising awareness as an industry of what the things that we do impact and what the downstream implications are and how regenerative is more supportive of our future environment. And it's capitalizing on these ideas that there are advocates out there that can help support it. And Jon talked about generational but using the influencers that exist out there in order to share what's available, what you can do, and help bring awareness of the consumer to the fact that packaging is responsible for 50% of the global waste that's created annually.

Now, electronic waste is very rarely and properly recycled. And so, therefore is not regenerative, right? This idea of all the things that we buy today, being able to be recyclable and become circular is new to a lot of consumers. So, a lot of the base of consumers that are shopping out. And it's creating partnerships that become convenient for consumers to really look at: that's going to make the big change.

When I see Unilever partner with Two Good To Go, it's an app that allows consumers to know where there's reduced prices on food products that are going out of date; and they can map where they are and then go and purchase them at. As a result, that's creating, using technology, using tools that consumers have come to expect in order to do something that makes it better for everybody: lower cost to the consumer, the use and reuse of things that would have gone out of date, or that wouldn't have been available otherwise, or wouldn't have been sold otherwise, reducing that, the idea that a third of all food that's produced is wasted…

It is really bringing new value to the consumers. I think that's the future of what circular looks like for us. It is creating that connection points to the consumer that says: it's, it's not as expensive. It's not too far out of your way to do. It's not a big deal. Like these are the things. And this really matters when you make a difference when you do these things. That's going to create the future for us.

Liz Lugnier: Jon, what kind of challenges did Interface face when trying to implement, sustain this circular sustainability?

Jon Khoo: I think for us and for everyone, the biggest challenge is that a linear economy of take, make, and waste remains ingrained. And it's also too easy to default to. So, for us, if we went back 15 years, and we're talking about using more recycled material, we're talking about using fishing nets as a source of vinyl, for the soft part of our carpet, people would look at us and go "oh, that's a lovely story, that seems like a nice thing to do."

They weren't necessarily grasping that the key issue of stopping waste from being waste and turning it into being an opportunity. Those in the bubble lifts of sustainability or the bubble of a regenerative economy, or circular economy, they understood. But getting that message to the person in procurement or the person who's a finance director signing off that expense, that was a much more difficult to communicate and have that discussion.

Now, I think things are changing and they're changing fast. But in terms of the historic challenge, it was so easy for people to go "what's the cost of waste?" versus "what's the cost of using Interface?" "Oh, on the tape backside, the cost of waste is less, let's just stick with what we've been doing for the last 30 or 40 years and the status quo."

So, the big challenge there for us is challenging that mentality, proving that the circular economy works, proving the value within taking more circular approaches and getting the legislation and regulation in different parts of the world to follow, to put a proper value on waste and make people realize that you can't just pay your way to make things go away, because there is no way.

Lindsey Mazza: Jon, you talk about linear, and I think you're so right. We have this whole conversation around … there is no more traditional linear, right? So, even in the world of supply chain, it's the full value network that we're getting in. It's talking about the consumer. It's a whole range of consumers and different demands from different groups and different groups' propensity to buy based on different attributes of the products and really understanding what that network looks like.

And then the network of retailers that maybe all sell the same product that came from one CPG. And the CPG network back to the suppliers where they're getting things and really putting the whole group together in one value network versus a value chain: it's non-linear it's really now this ecosystem of partners that have to be responsible.

And I love this idea that the more that we create awareness out there, like the more that we improve from the CPG side of the manufacturing side, and the more awareness that we put out there in terms of marketing, what is available, what can be done, puts the consumer with more education and knowledge.

And as the consumer becomes more educated and knowledgeable, they push that squeeze back upstream that sort of, you know, means that the procurement team, like means the retailers, have to write it into the RFP, as we've talked about. Write it in to say, this is what has to happen. So that procurement doesn't have a choice in that.

And then procurement's more aware of implications that it matters to the consumer's propensity to buy, because I think that is the ultimate impetus for how we squeezed both sides to create change in that fold.

Courtney Holm: I think what Interface and Patagonia, what they do very well and what's really appealing about those two brands to me is they include the end user in that regenerative cycle or that closed loop cycle; so that they become part of that value chain in a way that they don't in the linear model. So that there's a bit of accountability.

Like you just can't with any good conscience chuck a Patagonia jacket that has a hole in it, in the trash anymore. You just can't because you can send it right back to them and they'll even pay for it. And I think that we need to help consumers feel like they're a part of the circular economy. And I think that's what's missing now. And I'm hoping that initiatives like Loop and TerraCycle, I think, that they need to scale it right now, they're really still very small. And the way that they'll be able to do that is they make consumers feel good about being a part of that process.

Jon Khoo: The interesting thing for Interface was our kind of circularity story started because our customers were asking: "what are you doing for the environment?" Because they were probably thinking "what are you doing to tackle waste?" And same with Patagonia. People I know there, their customer base is passion and willingness to keep themselves accountable and keep other brands accountable; that has fueled their fire around circularity.

So maybe there's something here about making sure consumers or purchases feel empowered, that they can make a difference.

Lindsey Mazza: I think you're so right. Even when I see Ikea, they had faced a lot of consumer backlash on the disposability of products. They immediately came forward almost before the backlash became loud. They came forward and said, okay, we are going to recycle furniture.

And that was something that was unheard of in that industry. They really changed the way that industry brought new products to market. By saying: "you can return to the same facility that you buy from. You can return the existing products. Like we don't want to see it in urban environments, out on the street being ready for trash. Like these are products that are available to be reused and we'll take it back from you and give you a credit for the new purchases." I think, it creates that environment where consumers feel like an obligation to be able to help support that and they can feel good about doing it.

Liz Lugnier: What kind of factors can influence customers to transition, to being consumers, the traditional sense to being sustainable users and how can businesses encourage this? Courtney, you want to take a stab?

Courtney Holm: Yeah, I think they have to make it easy. So, number one, I think they have to make it easy. And what I like about Interface because they sell the carpet tiles, it's easy to pick up a tile that has a stain on it and take it. And then get another one and put it back.

With Ikea, it's easy to take that table or that bookshelf, okay, break it down and take it back to where you bought it and get… And then I think it's also about being paid for it as well. Because that's important. Because it's not a waste stream anymore. It's part of the next value proposition of whatever that thing is going to be turned into.

Liz Lugnier: How do you feel, Jon?

Jon Khoo: I'd agree. I think for us, with our customers, one of the most interesting discussions we have some-times now is designing for reuse. But when someone's designing a new office, our most progressive customers are thinking, "right, how can we work with your designers and make sure that we can use or reuse one third or two thirds of this, either on our own premises or through our work for social enterprises, the SMEs, charities, and social housing?"

So, I think for us, to Courtney's point about providing value, we are having some fascinating discussions at the moment whereby when we look at circular solutions at end of life, we're working with our customers to help them have better value and hopefully give them an opportunity to purchase more of our products in the future but have more design options available because they've been able to reuse some of the stock they used before.

Courtney Holm: That's like circular solutions midlife, Jon!

Jon Khoo: Hopefully.

Liz Lugnier: Well, Jon, can you give some examples of how you've implemented some of these end-of-life and midlife things?

Jon Khoo: Yes, for us often, the more progressive companies are saying when they buy a new product, on the specification they're saying, "do you offer a service to take your products back at the end of life?" And we do. Then what we will do is we will offer to take products back, to look, to reuse them with social enterprises, which also gives us an opportunity for social impact by helping build capacity in the market for secondary goods, be-cause that's another area that is still nascent, it's still new. And it needs to scale.

But also, we can also look at recycling our product back into being new products and also looking at inventive ways to repurpose, because one of the challenges we have is we operate globally, and we don't really want to be shipping all of our old tiles back to one or two or three manufacturing sites to recycle them into some perfect circle. If we can have a better impact for the environment, for the community, by promoting reuse, by promoting alternative forms of repurpose or localized recycling.

We haven't done this yet, but there's something we would want. What if the waste from our products to be recy-cled into something completely different? Because I'm a big fan of saying, "if you have a waste material, it should have not one destination, but three or four different destinations," where it can be a feedstock for other things.

And that's something I think we need to work on to make the circular economy more systemic. And it also helped foster a lot of collaboration, a lot of innovation. And that for me, would be a good move forward.

Liz Lugnier: Lindsey, how do you feel?

Lindsey Mazza: I'm shaking my head here, to Jon's speech, because I love this idea of being able to create full networks of the products as well, where you can recycle one thing into not only the same company that you bought it from, but into the next thing down the stream. And what I was picturing in my head was the Olympic circles of bringing all countries together. This idea of bringing products together and creating the network in that way.

Jon Khoo: I've got an example for you. The example I use, if we go from end of life to the start of life, and then both together is we've been involved in an initiative called "Next Wave Plastics", which is a cross sectoral initia-tive that has everyone from HP to Dell, to bikes by Trek, to furniture by Herman Miller and Humanscale, Ikea also, I remember.

A whole gamut of different industries, all looking at how they can incorporate ocean-bound plastic, divert it away from ending up in our ocean and find a way to put it into products from bikes to decks, to floor tiles, to clothes, to computer packaging, to computers themselves, to televisions… This idea that you could take… if you take ocean-bound plastic, which is normally nylon, PET, the more difficult things to deal with – HDPE and LDPE

are those by low density polyethylene – but know that wherever you collect from there could be three, four or five different destinations. That for me is, as you're saying, Lindsey, the progression that we're looking at now.

I guess that's a move from the circular economy, being a pet project by a couple of companies to a fully networked, scalable, impactful, global solution. And we're not there yet. I think I'd love to hear from Lindsey and Courtney on their thoughts on it, but we're starting to get traction towards that direction, towards that end.

Courtney Holm: Now for me, this is where it gets really exciting. Because then, you start to think about the platforms associated with helping build that network and that circular thinking industry and scale. We don't think about our individual value chains anymore associated with one product, but you think about how that value chain interacts with countless other value chains. There's one great example that I love. A couple of years ago... no, it's more than that, it was about 12 years ago. I was at a 2Degrees event. I was working for 2Degrees at the time. And I had Typhoo Tea on one side of me, and I had someone from Kingfisher on the other side of me.

And Typhoo was saying that they had tea wastage from the teabags, and they didn't know what to do with it. And it was that so much of it. And then the BNQ guys were talking about getting rid of plastic for little seedlings. And I said wait a second: "why can't you make, why can't you turn the tea bags into where the potted plants are?"

And they started a beautiful relationship that went on for a long time. So I think it's just about having that collaborative conversation that says, "wait, I have a waste stream over here; who needs something and what could it be repurposed from?" And I think that kind of collaboration and networking is required, for sure.

Liz Lugnier: How can businesses outside of the production and manufacturing industry implement circularity?

Courtney Holm: You can also think about services as well. Like services to support this economy are really important. So, let's think about, for example, mobility as a service. Thinking about circularity, when it comes to how you get from one place to another is something that's critical as well for sustainable development that we need to tackle.

And I think soon, we'll start thinking about not having personal vehicles. I know, Lindsey, in the US, that's probably a hard pill to swallow. It's a little bit easier here in Europe, where it's easier to get around on public transport and via bike. But I think we'll have to start to rethink, quite pivotally rethink, how we pull our societies together, how we get from one place to another, and build circularity into everything that we do; not just from a product perspective, because we don't want to continue to drive consumerism up either, we have to reduce consumerism. So, we have to think differently about all sorts of systems.

Liz Lugnier: I got that. One of the big things that people always say about circularity and sustainability, in general, is it's expensive. How can circularity benefit businesses in a financial sense? And how can these benefits be positive in the long run?

Lindsey Mazza: I really like the idea of considering the supply network as part of this as well, because the idea of being able to ship products in a way that is sustainable, and we really offer consumers choice. What we've seen in our industry is this ramp up from in the nineties saying, "hey, listen it to 7 to 11 days and you get your product."

As long as it was a committed window that you knew when it would come during, you felt secure that you were going to get your product. As years passed, and this hockey stick curve where we went from that 7 to 11 days to 5 to 7 days to 3 to 5 days to 2 days to 1 day to 2 hours to 1 hour to 30 minutes to 10 minutes in many different sub-segments of our industry of when you're going to receive product.

And I think this idea of really understanding and having an awareness of exactly where the inventory exists. And where we're going to be able to create demand for it, and have consumers demand that item. And having the inventory sent there the first time and then really making use of reverse logistics as well in order to accomplish not only the sale, but the bring back of anything from a circular perspective.

And really creating that full life cycle around the logistics space is a cost reducer. I like the idea of talking about these as not only cost out areas of the business, but as areas that create a consumer experience. So, this move from, "get something in 2 days" to "get something in 1 day" to all of a sudden 10, 30 minutes or 10 minutes in different parts of the world is the new consumer expectation.

It's a changed feature of supply chain from being a business operations component to a consumer experience itself. And creating this environment where we're reducing carbon and we know where the inventory is, really planful about it. We are able to use data in order to sense where that's going to be cost out of the business at

the same time, as doing the right thing for the world, by moving products less times, then having to touch them less, and put them in less places.

I like the idea of talking about things that were traditionally cost out operational as consumer experiences that now drive new consumer demand, that you are able to create a better offering for the consumer and allow them to participate in this circular at the same time.

We don't always have to think about things as being only good for one purpose. I love this "bring two purposes together," "take cost out," "do the right thing," and you get a good result that consumers value, and it creates influence and a better experience.

Courtney Holm: Time, that time crunch thing is interesting. So, when I first moved here 11 years ago, one of the first things I did was I went looking for a sofa. And I, coming up in the US, you go to the store, you pick out a sofa and usually it can be at your house within 4 or 5 hours.

I had to wait for 14 weeks for my sofa in the UK. I sat on the floor on cushions for 14 weeks. And I think that fundamental shift in thinking from "have to have it right now" to being patient and really thinking about what you actually need is a very important mental shift that we all need to make.

And I think once things take longer, we will be more thoughtful about what we think we need. And I think that also needs to fit into this conversation around circularity as well.

Lindsey Mazza: I think that's absolutely true. I would segment our industry because there are clearly areas like food and household essentials that are more imminently needed. And you can be less planful, although you can plan, of course you can be less planful about them, for instance, housewares, home goods, electronics, and things like that.

So, I like the idea of breaking apart the industry into many sub-segments and deciding what is the point that we can accept, the window of time for when we need things for different component parts.

Liz Lugnier: What about you, Jon? What do you feel as far as can circularity benefit businesses in a financial sense? How did it benefit Interface?

Jon Khoo: So, here's a controversial idea! It will be interesting for the listeners. I've been really impressed by the steps that the financial industry, the banking industry has taken on green finance. Like the announcements at COP26, were they not perfect? And we're heading in the right direction. As a subset of that, I'm curious to know what is the role of the financial industry in building circular finance or promoting more resource regenerative finance?

And for us at Interface, we've always benefited from circularity being a USP, something that our customers are interested in. That has helped us build our brand. And more people know about us. It's been a really easy entry point when people wanted to learn about Interface, and they wanted to learn about what we're doing around the environment. But it has to be so much more than that.

I think now, if you are investing in a business that is not thinking about circularity, it's not going to work out in the long run. They're not going to be responsive to the market. The products are likely to be hit, especially within a European context, by extended producer responsibility regulations, more regulations that require manufacturers to build stuff that lasts, build stuff that can be repaired, to build stuff that can be taken back and turned into new products and materials at end of life.

I haven't quite got the very carbon footprint in terms of there isn't an equivalent when you talk about investment and stranded assets to non-circular assets that you wouldn't want to be investing in.

Now, I have to admit not having had that many discussions with the finance community about that. They love, at the moment, talking around carbon; I can happily have a 45-minute chat around the pros and cons of science-based targets for investment. But what would a circularity spin on that look like? And what role did the investment community, which I guess is far removed from the consumer in some ways? But they have a voice, they have an ability to make a change.

Courtney Holm: And they are starting to think about it, Jon. I've had quite a few conversations in the last few weeks, especially post COP. Someone's made this commitment now to do about it type of thing. But also, I think that there's a lot of sense of creativity when it comes to how they're going to start adding new solutions to their own portfolios and thinking about how they can serve as communities.

We're hearing a lot about community-based innovation, banks being supportive to the local communities. And, then also on the financing side, how are they assuring that where they're putting their investments are for the greater good? And then also meeting the commitments that they're making, especially around coal and deforestation, as we saw in COP. I think we're going to start to see an advent of creativity around financing, in the next quarter.

I'm really excited to see if we have a global carbon price that re-emerges, that we use, that we saw back in the day in 2007. I wonder if that emerges, that would be very good for us.

Jon Khoo: And within that, like waste would be a component that you would measure and that you would see. I think they don't have to be separate. They just have to live together.

Liz Lugnier: It seems like it's almost that we need it to be convenient for companies to be sustainable. Just like we have to make it convenient for consumers to buy sustainable products. If it's more convenient for a company to do it because of the regulations, there's a much higher likelihood of them actually being more sustainable.

We know a lot has come out of COP26 and everything else, and if we're moving towards a much more sustainable future, hopefully, what does the future of circular economy look like? Jon, do you want to take a first crack at that?

Jon Khoo: Yeah, I think it's about framing it as an opportunity. I think if you're a, for our suppliers, the way I position circularity is if you can give me materials that have a higher level of bio-based content or recycle content, I can make sure it can be recycled again at the end of life, or they're supporting the reuse of our products, I'm more likely to put you in our products today and our products tomorrow.

But as a manufacturer, I also feel that we are responsible to engage with our consumers and go… be more demanding about it. Demand higher levels of recycled content. Talk to us about the difference between recyclable and recycled.

For example, I would say that recyclable is a promise, recycled is a fact. I wouldn't also say that one's more important than the other. Both are absolutely essential. But yes, to me, for any kind of business now, having those dialogues and showing the opportunity that lies behind the more circular, more regenerative approach is absolutely key. And I think it's reasonably easy to persuade your finance director. And it should be easy for you to show your investors too because those businesses that have got their head around what circularity means for them, who've got a strategy and are putting it into their products and services right now, are the ones that are probably already profiting.

And honestly, in the future, they're making themselves much more resilient to a world where resources are becoming scarcer to certain materials.

Lindsey Mazza: And I think we're running on a roadway too. Like the commitments are from the major consumer packaged goods companies; all of the commitments are carbon neutral and full net zero by 2030. So, there's very few years left between now and when the commitments have taken place or when they've put commitments out there that they're going to get to certain milestones.

So, now is the time. So, when Courtney said she thinks we're going to see things in the next quarter, I think she's absolutely right. This is the time. This is the year we're going to see major changes start taking place. And the more that we have regulations in some countries that support that, pour over into other areas or the more that we have consumers demand or the more that we have suppliers make commitments to these things, then the better off we're going to be.

Jon Khoo: I'm also curious to see the difference between post-COP26. I'm expecting to see plenty of disruptors and entrepreneurs, but also companies willing to do that at scale. And that's what it's going to the be most exciting. If you can, instead of being scared by the disruptor, if you can learn from them, pivot your business, or collaborate with them, that's where they solutions are going to.

Lindsey Mazza: We're seeing more and more collaboration. And I'm pleased that the results that we're seeing are how do we collaborate with disruptors? So, I would say five years ago, we saw consumer products companies say, "I'm feeling the squeeze between, the tech disruptors that are out there that are coming in with lower prices and the niche producers that are coming in with some of the more sustainable and more consumer experience driven brands. "

And now we're seeing a large amount of that collaboration where they said, "okay, first we try to acquire. Then we try to collaborate." And we're in that collaboration cycle now where it says, "let's all do the right thing on behalf of everybody, let's take advantage of these practices. "

Liz Lugnier: Well, it's even interesting because you even have companies that are normally competitors coming together too! Like back in September, when the cosmetics consortium got together to talk about co-designing environmental impact assessment and scoring systems, you have Unilever, Henkel, L'Oréal, and LVMH all coming together.

Courtney Holm: The majority of those initiatives though, are being driven by legislation though, right? So, the industry has to come together when they need to influence and shape how the governments are going to put regulation on top of them, based on the reality of how supply chains work and how businesses function, and where the government doesn't necessarily have that level of expertise to really understand how global food and or product manufacturing works. So, I think we'll see the importance of politics coming into play, it is going to be very pivotable in the next year.

Lindsey Mazza: I think politics are very important. From a more positive sense, I feel like there are companies that are coming to say, "we're going to do the right thing here." So, I know that the regulations are stronger in France and stronger throughout Europe. But I look at them and say, we have companies from all over the world, like the Canadian Grocer, coming to consumer goods forum saying, "I want all the clamshell packages for my produce to be the same that we can reduce this dependency on plastic." Not a government requirement, that's them coming saying "I want to do the right thing." And maybe it's because coming down the road, they've envisioned things in the future five to 10 years from now.

But I think companies are really to get ahead of that legislation. So, politics are going to be critically important for it, but companies are trying to get ahead of those things and do the right thing now, rather than be in a forced situation later.

Liz Lugnier: Well, Jon, what do you think: if you were talking to our listeners who are interested in actually starting on their circular economy journey, what advice would you give them?

Jon Khoo: The first thing I'd do is start with what kind of questions your customers are asking? Because I have to admit, that's how we started Interface at, that's what galvanized us in making decisions. But then it's just taking an open mind state, take a step back from your day-to-day operations and your inbox that day and step to take some time to go: what, when I think about the circular economy, and I think about my product and my service, what's happening in the world? How can I step back? How can I be curious? How can I go and talk to the people that criticize my product or service? How can I go and talk to the engineers or the scientists that might point me in the right direction?

I think it's that willingness to stop and to be vulnerable and to ask: what is my place that I need to play as a company within this with my customers, my suppliers, my investors? Yes, you have to have that little moment to take a higher view. And yes, that's what I think is a starting point.

And once you start getting a few of those pieces together, that's what will help you find and choose the right path. The next step for that is just once, roughly where you stand and continuing with those decisions, working out who you might collaborate with, who's in the same boat as you, and having an open mind.

And I guess it's a bit of a… we normally talk about a growth mindset in relation to personal development, but I think there needs to be a very similar circular growth mindset by every company about seeing where you are, seeing in relation to circularity, seeing and realizing that every step you take in that direction is going to be a positive one, but you're probably going to have to make quite a few steps quickly, if we're going to hit the goals of the pledges that have been announced recently.

Lindsey Mazza: Those are wise words: to look at your critics, then ask them how you can improve.

Liz Lugnier: All right. What kind of final thoughts would you guys like to leave? Let's start with Courtney. What kind of final thoughts would you like to leave our listeners with today?

Courtney Holm: I think just building on what Jon was mentioning for me, this is about finding value in wastry. Being really innovative and thinking outside of the box when it comes to how you're designing your products from start to finish with that more circular view in mind. And questioning every ingredient with your existing

product range, every single ingredient: do I really need that ingredient, how is it functioning in the product? Do I really need that package to be that way? Can it be a different formulation? And just really question everything.

Liz Lugnier: What about you, Lindsey? What kind of final thoughts do you want to leave our listeners with today?

Lindsey Mazza: I couldn't agree with Courtney more. From an industry perspective, we're designing out waste and pollution. We need to help keep the products and materials in use as much as possible. We need to regenerate the natural systems that we take from.

I would also add to that, keeping the consumer awareness. So, creating this impetus for why to change or why to buy something that's in a different package than you're used to seeing. Or why to buy something that's in a different formulation to see in order to create the consumer demand and consumer awareness around why they should make different things and keep things convenient for those consumers.

So really doing all the right things, creating awareness about those right things, and making them convenient for consumers to be able to use is how I think we're going to move the needle to bring consumers through with the value network with us in this journey to circular economy.

Liz Lugnier: Jon, final thoughts?

Jon Khoo: One of the things I like about circularity is you can make it very personal. So I can, when we talk about it with employees and some of our customers at Interface, they'll talk about how one of their kids has been ragging on them or complaining on them about how they're not recycling enough. But they also say, "oh, the older kids are not even thinking about it all." So, that family discussion that you can have can help them. And being able to relate those personal experiences of circularity, that personal experience of waste.

The last time I was in New York, I walked past like some trash bags that were nearly as high as a three-story building in the UK, just stack the waste plastic; and just finding those stories and moments that connect with you personally around circularity mean that when you're addressing your board or when you're addressing like an innovation forum with other companies, there's a passion and a fire, because it's personal. And for Ray Johnson, he was our founder. Like he was always, his passion and fire was... he was conscious he was contributing to a wasteful world that his grandchildren and these children's children were going to live in.

And we're all doing that.

Liz Lugnier: The circular economy is more than just a buzzword. It's a practice doctrine for a sustainable future. The combination of eco-conscious ethos and smart business management will prove in time to be a core strategy for more and more businesses. And from that conversation, it's obvious the time to become circular is now.

I'd like to take a moment to thank all of today's guests, Courtney, Lindsey, and Jon, for sharing their insights and expertise.

If you enjoyed this episode, don't forget to subscribe on Apple Podcasts, Spotify, or wherever you get your podcasts. This has been Future Sight, a show from Capgemini Invent. We'll see you soon.

About Capgemini Invent

As the digital innovation, design, and transformation brand of the Capgemini Group, Capgemini Invent enables CxOs to envision and shape the future of their businesses. Located in more than 36 offices and 37 creative studios around the world, it comprises a 10,000+ strong team of strategists, data scientists, product and experience designers, brand experts and technologists who develop new digital services, products, experiences, and business models for sustainable growth.

Capgemini Invent is an integral part of Capgemini, a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 270,000 team members in nearly 50 countries. With its strong 50-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2020 global revenues of €16 billion.

Get the Future You Want | www.capgemini.com/invent