

## **FACET: Facilitating the introduction of circular entrepreneurship in the tourism & recreation sector**

The [Interreg 2 Seas](#) FACET project wants to encourage entrepreneurs in the tourism sector to apply circular solutions within their company, thereby creating new sustainable revenue models. With a strong consortium of project partners from Belgium, England, France and the Netherlands, experiments are being conducted with circular applications in the fields of accommodation, waste reduction and circular operation management.

A coastal region, the 2 Seas region (covering the coastal areas of Belgium, England, France and the Netherlands and connected by the Channel and the North Sea) has traditionally been a tourist destination with a strong impact on the regional economy. According to the UN World Tourism Organisation, tourism in this region will increase by 5-8%. However, tourism also entails mass consumption of raw materials. This can grow worldwide by 92% (water) and 189% (land use) in the period 2010-2050 (Tourism Watch) and puts pressure on the already limited raw materials in the region, where industry, agriculture and tourism are already competing.

It is clear that we need to find a circular solution to ensure that tourism remains economically beneficial. The corona crisis is currently forcing many to stand still. Now is the time to look at how we have organised our society and economy and how we want to build our systems post crisis.

Throughout the 2 Seas area, FACET locally develops various practical, accessible and small-scale pilot and demonstration projects to help entrepreneurs gain practical knowledge and experience to make circular business models. FACET provides expertise and support in setting up these pilots.

At the same time, local and regional cooperation groups are set up between companies within and outside the tourism sector, suppliers and chain parties. These communities of collaborating parties are strengthened through the involvement of local governments, financiers and end users (i.e. tourists and residents). By involving governments, we look for ways to jointly tackle challenges within existing regulations. Appropriate financing constructions are also being sought for the realisation of circular concepts. This collaboration is a sure way to increase the introduction of circularity.

Although the end users of the tourism product, i.e. tourists, are not included in the pilot projects, the demonstrations will give them the most benefit and guarantee the quality of their experience and perception of the area.

Awareness of companies in the tourism sector about the circular economy, new business models and other forms of cooperation is an important issue within the project. Consequently, best practices gained are shared and exchanged both regionally and internationally. This will build up practical knowledge and support entrepreneurs in changing to a circular business operation / circular revenue model. The FACET project contributes towards stimulating tourist entrepreneurs to develop and utilize circular applications.

### **Partners:**

The Netherlands: NV Economische Impuls Zeeland, HZ University of Applied Sciences, Camping and Villapark De Paardekreek

Belgium: Westtoer, Blue Cluster

United Kingdom: Greenwich University, Norfolk County Council

France: Ademe: Agence de la transition écologique

The project started in January 2020 and will run until March 2023.

The total size of the project is € 3.890.351 euro.

### **Interreg 2 Seas**

Interreg 2 Seas 2014-2020 is a European Territorial Cooperation Programme for England, France, the Netherlands and Belgium. The Programme is co-financed by the European Regional Development Fund (ERDF) and has a total budget of EUR 241 million to support projects for the period from 2014 to 2020. The objective is to develop an innovative, knowledge and research-based, sustainable and inclusive 2 Seas area, where natural resources are protected and the green economy is promoted.

This model is developed within FACET based on the 9R-strategies and an example of a value chain used by the SITRA Fund in Finland[5]. The objectives were to create an attractive and fun working method for entrepreneurs to crystallize their ideas on paper and work together around these value chain models. At the same time, making sure the selected ideas have the 'circular' component in their DNA by using the 9R's.

## From linear to circular value chains

The idea of a value chain was popularized in the 80's by Michael Porter who wrote about it in his book 'Competitive Strategy'[1]. The premise is that within an organization each departments adds value. While the primary activities contribute to the *core-business*, departments like HR, ICT & Facility management organize the *support activities*. Porter basically describes it as an internal value chain that you can optimize to enhance your own business' competitive position.

Later on Michael Porter expanded his management concept and theory further and published an article in the Harvard Business Review in 2011 titled: 'Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society'[2]. Porters view wasn't necessarily inspired by nature, though his central message was that '*Creating shared value is about the competitiveness of a company and the health of the communities around it. They are mutually dependent.*' In this more holistic view, an organization cannot be well understood without attention for the network it operates in.

This conceptual idea of *value* has also helped to expand the business horizon from managing financial capital towards a more integrated view on prosperity by adding social and ecological capital to the equation. It has become a hallmark of sustainability, the 3P's: people, planet & profit[3]. The use of value as central theme in designing business models was already made common practice by Alexander Osterwalder who coined the definition of a business model as: '*A business model describes the rationale of how an organization creates, delivers and captures value*'[4]. Add to that the idea of 'shared value' and you almost have the recipe for business in the 21<sup>st</sup> century.

However, one important piece is missing: embedding this business rationale within the Circular Economy.

## Analogy with Nature

Thinking in terms of value chains and networks seems pretty abstract, though it is actually quite common in Nature. We have the food chain that resembles the supply chain in which we also distinguish producers and consumers. However, in Nature the reality is

more like a gigantic food web. The difference is that you draw a chain as a horizontal or vertical line. And a web can go everywhere. It's all about inter-dependent connections.



In Nature, a great example of a mature ecosystem is a rain forest. It has an enormous rich variety of species that compete to a certain extent, though they are also mutually depend. All plants, mushrooms, trees and animals; actually everything alive in a rain forest works together as a refined balanced ecosystem that evolved in millions of years. A rain forest is a highly complex mutually depended system.

Taking this example and transitioning back to our business world, we can easily see that our human designed production & consumption system (our economy) still has a lot of opportunity for improvement. Especially when you take into account that - by evolutionary design - in Nature there is no waste. Everything is reused, energy comes from the sun and a rich biodiversity makes life resilient.

## Closing the loops

A business supply chain mostly is represented as a simple linear chain where value is added at every step and that starts at the source and finishes at the consumer.



*Figure 1: classic supply chain*

Starting point is a description of the project ideas from the entrepreneur. Second, drawing this linear supply chain helps spotting the connections the idea will have, however it is still organized in a linear way. A third step is to select the relevant 9R-strategies and defining what makes the improvement circular. Final step is identifying the most important stakeholders for collaboration along the value chain (making a stakeholder list).

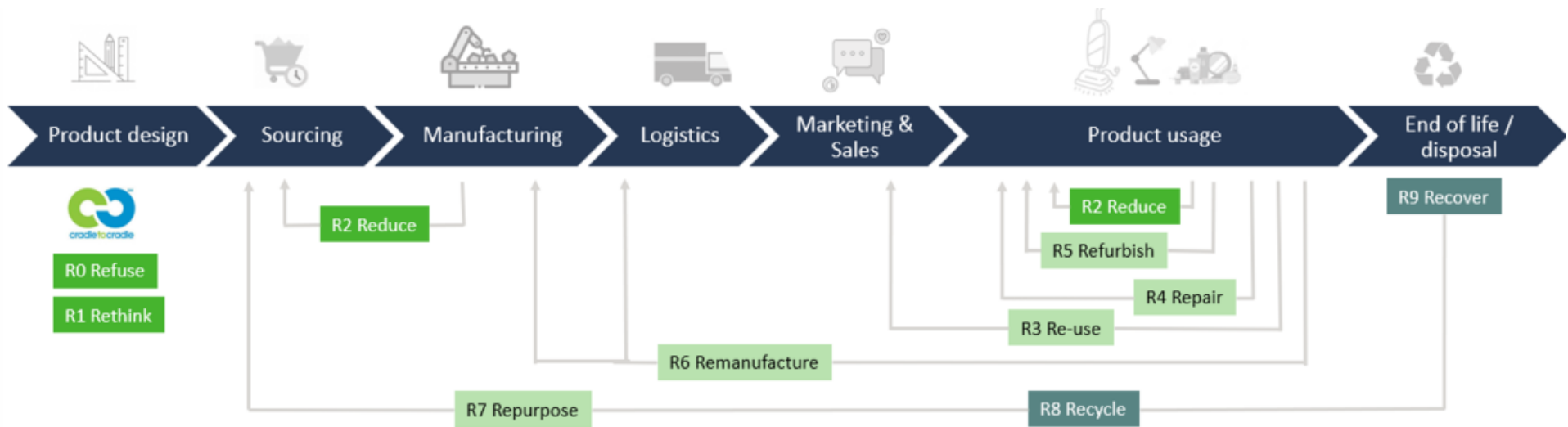


Figure 2: from linear to circular value chain using the 9R-strategies

In contrast to the traditional supply chain where materials, information and finances are central elements, the value chain broadens the scope to the environmental, social *and* financial impact. In addition, ‘closing the loop’ increases the interconnectedness of stakeholders and their business models along these value chains. And at the same time, making sure the selected ideas have the ‘circular’ component in their DNA by using the 9R’s. For scientific purposes FACET is dedicated to testing and validating a new type of value chain model that is useful for CE-collaborations.

A next step would be to define shared business models and more complex value *networks*. As stated before, these collaborations within value chains enable other improvements that lay beyond the scope of individual businesses. Considering opportunities like a co-operating a bio-digester for organic waste, joint-purchase of sustainable packaging, or co-development of circular building techniques can create greater value and align incentives through business models that build on the interaction between stakeholders in value chains.

FACET has started with the value chain meetings and is currently developing more practical and hands-on tools for business modelling, decision-making, and measuring financial, ecological and social impacts of small-scale innovation projects. FACET also organizes several (online) meetings to encourages shared innovation.

## References

- [1] Porter, M. E. (1997). Competitive strategy. *Measuring business excellence*.
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