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Financing the Circular Economy: “Call for Conversation”



*Academic researchers are familiar with the term “Call for Papers” or an invitation to submit their research paper to a journal or a conference. In this “Call for Conversation”, stars Alumna Prof. Dr. **Gordana KIERANS**, Director of the Centre for Circular Economy at the Shenzhen Technology University, and her colleague Prof. Dr. Qian CHEN invite you as business leaders and investors to have a conversation about their research project called “Financing the Circular Economy”.*

The promise of the circular economy?

The transition to the circular economy has now reached all continents and all industries. The daily news gives us the impression that the entire world has committed itself to circular economy principles and that our planet is finally steering towards a waste-free world. The past linear economic model of extract-produce-consume-waste is apparently being phased out and finally being replaced with a circular approach. Consequently, there will ultimately be a decoupling of economic growth from a resource-based model. For us, as long-term proponents of the circular economy who have worked tirelessly on this transition, this is a dream come true. Or maybe not?

A closer look reveals that the circular economy is becoming – if it has not already – merely another buzz word comparable to “greenwashing” in past sustainability initiatives. Moreover, many circular solutions simply do not pass Systems Thinking tests. Indeed, some of these highly praised circular solutions may ultimately cause, in the long run, continuing adverse consequences.

We are determined not to embark on a research project that will merely underscore how toxic things have become for our planet and the resulting prospect for limited business growth in the near future. This is already well known by you. Thus, although the worrisome

depletion of crucial economic resources is implicit in our work, it is not the focus of this conversation.

Why is the conversation with you so essential?

The primary reason to engage you as business leaders and investors is that we are starting with the assumption that for the circular economy to ultimately succeed, it will require significant investment for large companies to shift their entire supply chains and production processes. Additionally, entrepreneurs and start-ups will need to come up with unique circular solutions. Therefore, we have shifted our focus to key industry players, banks and investors such as you and your peers.

What is evident today is that the transition to the circular economy is not going to be a sprint. All data and some early case studies show that it is going to be a marathon that will require all stakeholders to “chip in”. It will also require patience from investors used to quick wins and an understanding that this transition is our chance to keep global warming below 2°.

As an example, it took the carpet manufacturer Interface 25 years to reach its goal of zero waste. Nonetheless, Interface was a “first mover” showing that the circular economy is not only good for our environment but also profitable for industry. Clearly, Interface undoubtedly carved a clear path for many other companies to follow.

The circular transition will create business opportunities in areas that many companies are not yet even considering. Moreover, it will also allow the innovative and resulting disruptive power of entrepreneurship to unfold. Additionally, this transition will create losers as any revolutionary transformation inevitably does. A key question to watch and answer is whether business leaders and investors such as yourself will be ready to finance true long-term circular solutions. And, if yes, which criteria will you be using?

While major Dutch banks like ING, Rabobank and ABN AMRO have already defined which companies/projects/products can be defined as circular and have financed under this category, this distinction has not always been as clear for many other financial institutions and investors.

The scope and outcome of this “Call to Conversation”?

Therefore, the purpose of this “Call to Conversation” project is to engage you along with other instrumental investment decision makers to learn your understanding of the significance of the circular economy. Furthermore, via half-structured interviews, we aim to learn about challenges the investment community is facing when deciding upon which companies to finance. This will also include start-ups, medium-sized companies and/or large institutions that have committed themselves to this circular transition.

The goal is to conduct this conversation with experts from China, Europe, and North America. The qualitative results will – of course – be published anonymously.

There are no right or wrong answers nor any kind of judgements in this conversation. Indeed, it is well past the time to blame, finger point and accuse others for the dire state of our global environment. Rather, it is now time to reflect on our past behaviours and frameworks and our steadfast “we have always done it this way” way of thinking and doing. It is also time for courage, support and reaching out across industries. In summary, it is time

for bold solutions that will – of course – require significant investments. Hence, this is the aim of this research project and why we are personally reaching out to you.

Prof. Chen and I cordially invite you to join this conversation. We also encourage you to broaden the research results even further by forwarding this “Call for Conversation” invitation to colleagues and friends whose insights would be invaluable for our project.

Kindly contact us via e-mail (gordana.kierans@sztu.edu.cn or chengqian@sztu.edu.cn) or on LinkedIn.



*Prof. Dr. **Gordana KIERANS** – author and TEDx Speaker – has over 20 years of business experience at the interface between leading business schools and companies. During her career, she has worked with entrepreneurs, SMEs, multinationals, government and NGOs, in Germany, across Europe and world-wide. Currently, she is Professor of International Business and Director of the Centre for Circular Economy at the Shenzhen Technology University (SZTU) in Shenzhen, China and a partner at the consulting company of MGT OPEN and at the publisher Grounded Press.*

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Impressum