



 **The Blue Connection**

# The circular strategy game

---

June 2018

# **The Blue Connection brings circularity into the picture! The world's first circular strategy game is all about experiencing firsthand transitional challenges and adopting circular strategies!**

---

The transition is a crucial aspect of a responsible supply chain strategy and on July 5th you can discover The Blue Connection yourself: You design and execute a circular strategy, decide on the suppliers to source from, the quality and recyclability of the materials to buy, the cost and process of reusing, recycling and repairing – in other words, the sort of challenges that any real business is currently grappling with.

Simulation gaming offers an interactive way of learning by experience and expanding your network by engaging with supply chain experts and professionals from all over the globe.

[Join us on July 5th by registering on the event website!](#)



Inchange

ING



Windesheim





---

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

---

*- Benjamin Franklin*



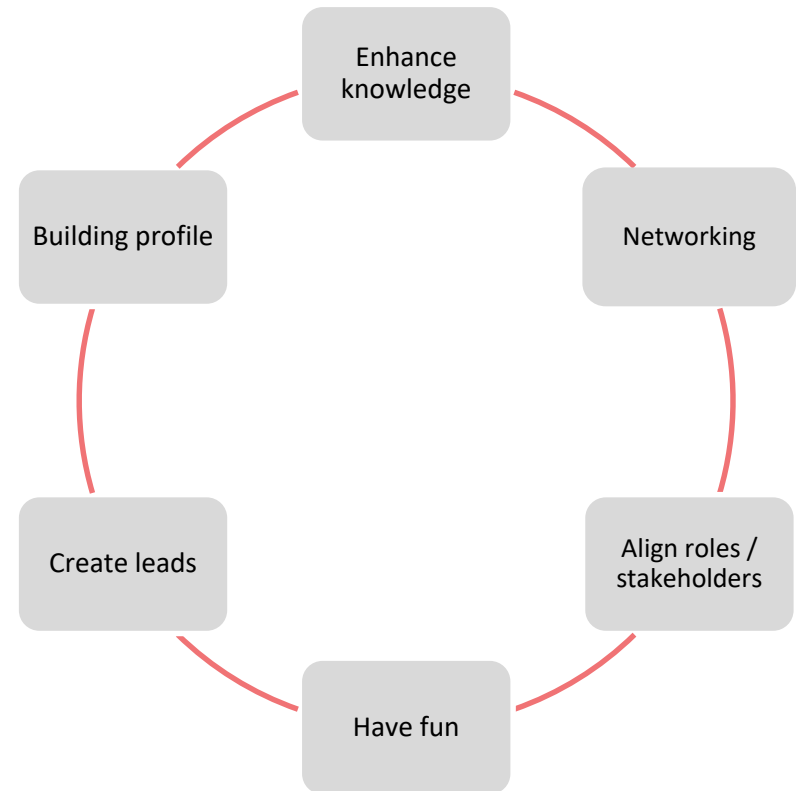
# INCHARGE, ING AND WINDESHEIM ARE DEVELOPING AN ONLINE BUSINESS SIMULATION...

...to help companies and individuals understand and experience the opportunities and challenges of adopting circular strategies.

Simulation gaming is a powerful way to facilitate learning, engage with clients and to profile your expertise.

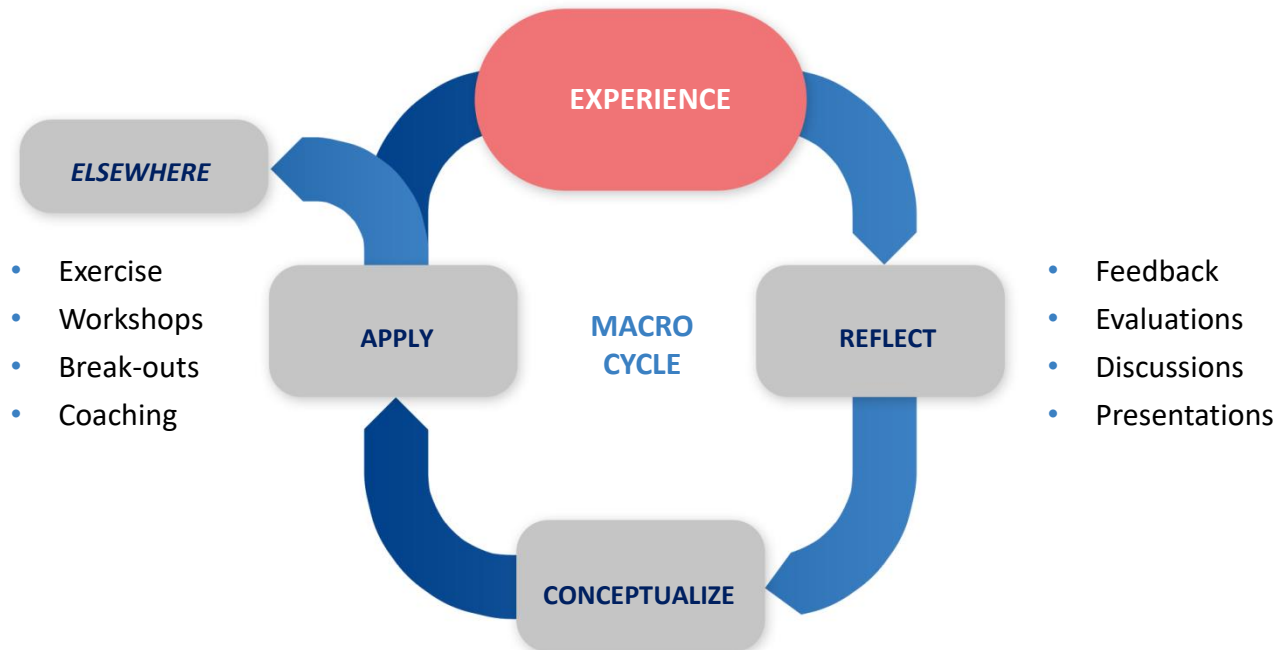
## Game setup in a nutshell

- Participants play the online simulation in teams of 4 people; either virtually or in class room setting.
- Minimum playing time is 4 hours, but it can be stretched over a longer period as well



# EXPERIENTIAL LEARNING IS A POWERFUL AND PROVEN APPROACH WHICH IS AN INTEGRAL PART OF THE SIMULATION AND THE TRAINING SESSION.

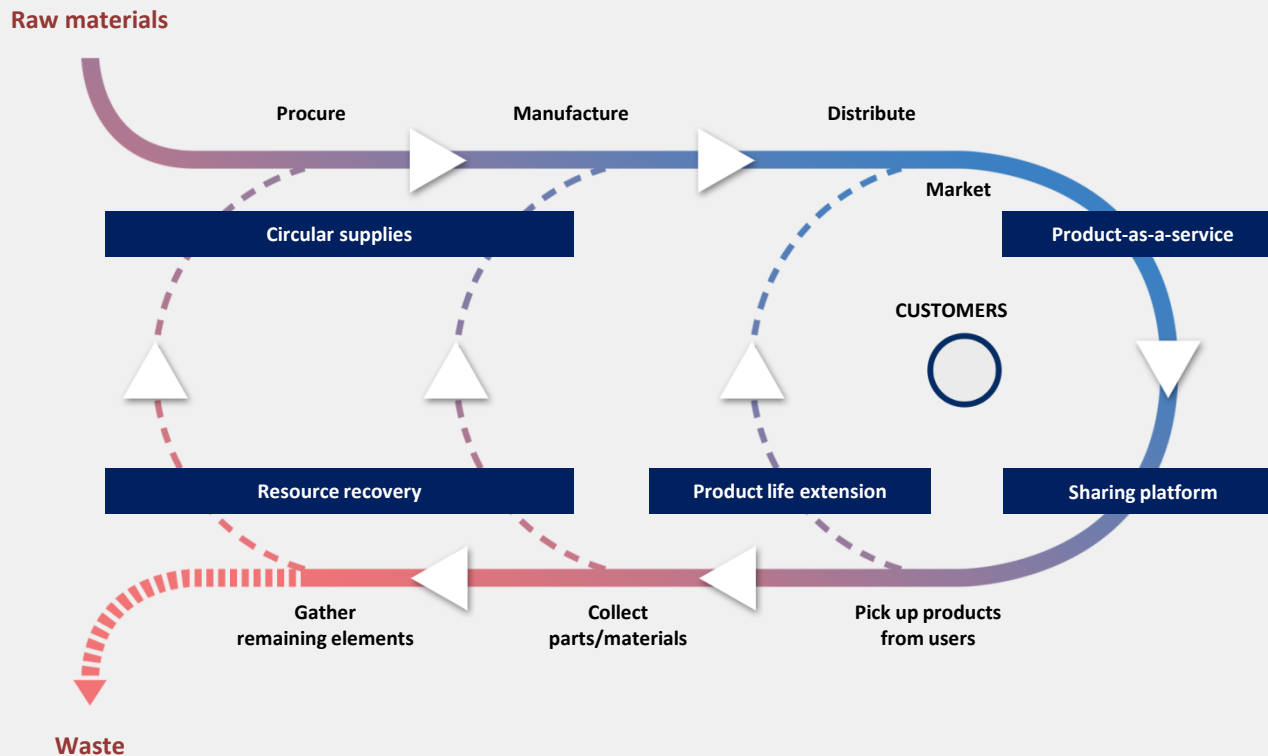
- Real Life
- Business Simulations (micro cycle)







# THE TASK OF THE TEAMS IS TO TRANSFORM THE BUSINESS MODEL FROM LINEAR TO CIRCULAR, ENSURING A HEALTHY ROI AND CIRCULARITY INDEX (MCI)



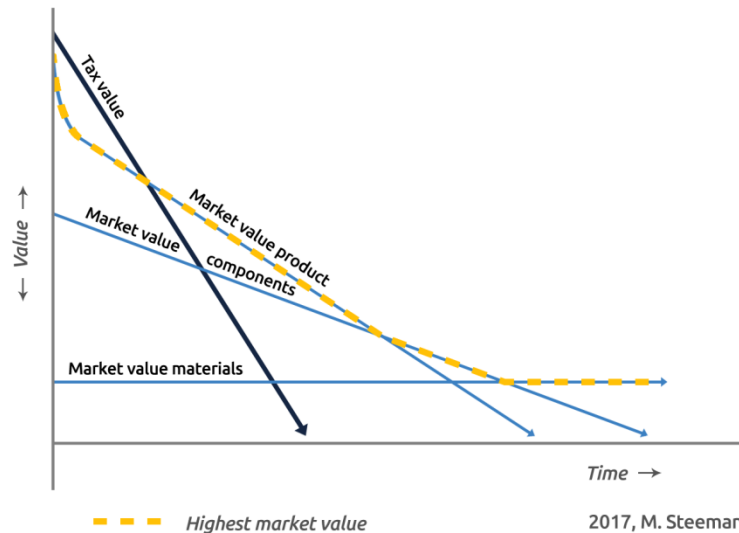
The Circular Economy strives for a closed loop system.

Products and component materials are reused and recycled at their highest value in the cycle, reducing the inflow of virgin materials.

Waste does not exist as such, but is only food for the next cycle.

*The participants will explore which circular strategies fit best, and how to implement these given the company's product categories and stakeholders*

# THE TRANSFORMATION PROCESS POSES THE TEAM WITH CHALLENGES ON MULTIPLE LEVELS



## Residual value

Waste does not exist. Value is kept at all times throughout the cycle; as a product, component or raw material.

## Ownership

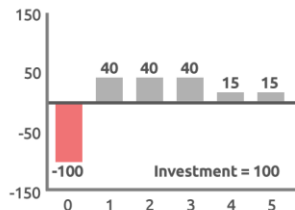
If producers retain ownership during the product lifecycle it provides them with strong incentives to maintain them.

It also involves balance sheet extension and the question of how to value goods on the balance sheet.

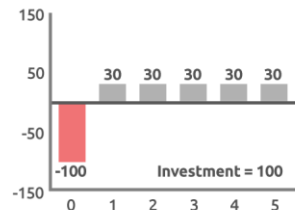
### 1. Direct sales model



### 3. Shortening the pay back period



### 2. Pay per use

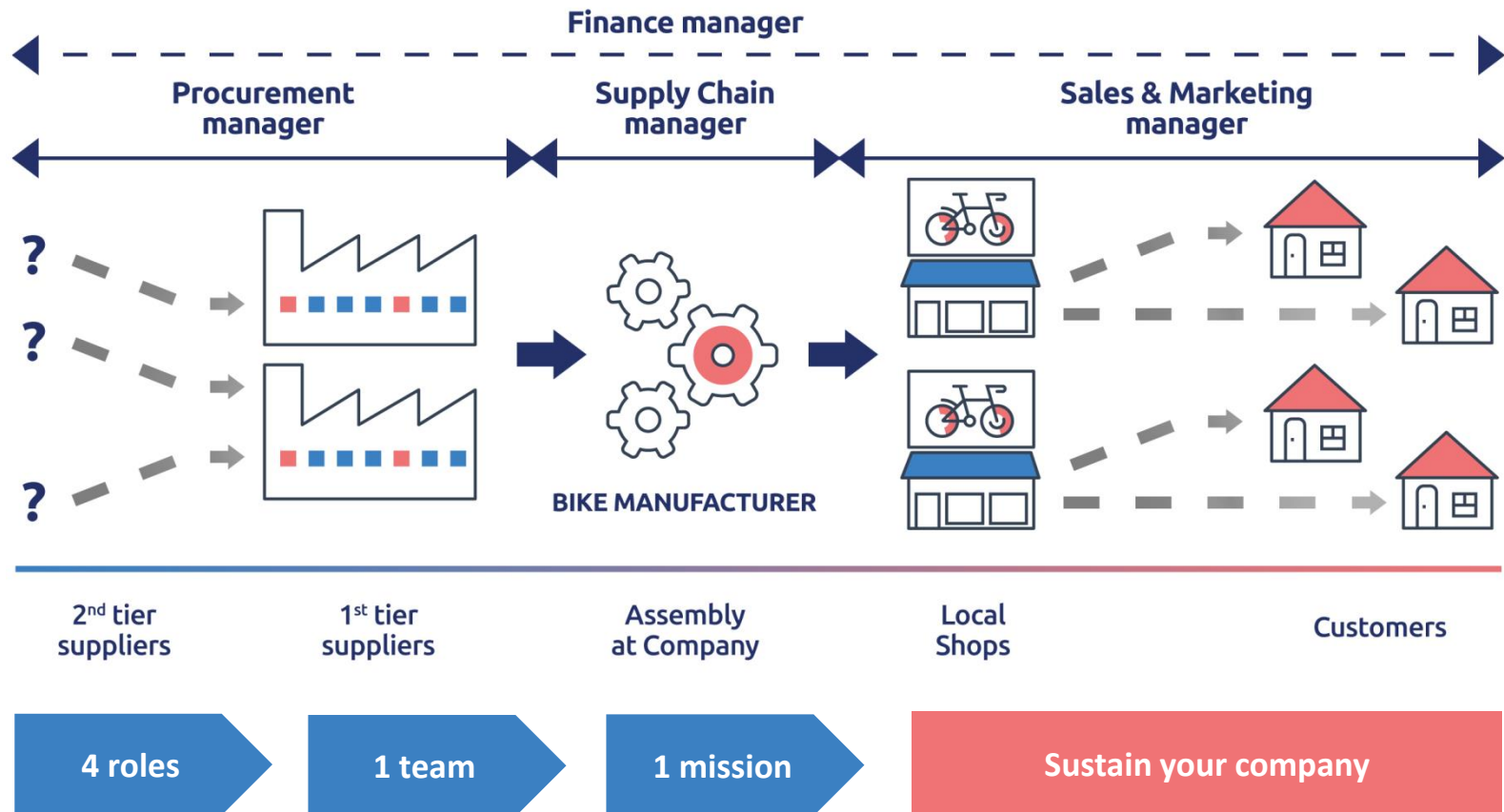


## Cash flow

Pay per use models create a longer lasting financial relation. But as the payment is stretched over a longer period, it comes with cash flow uncertainty and increased credit risk



# CHALLENGES YOU NEED TO ADDRESS AS A MANAGEMENT TEAM TOGETHER WITH BUYERS AND SUPPLIERS



# EACH ROLE HAS ITS OWN CHALLENGES TO MANAGE



## Purchasing

Negotiate conditions with different types of suppliers regarding:

- 1) purchasing contracts (e.g. quality, reliability, sustainability)
- 2) material sales contract (e.g. volume, reliability)
- 3) service contract (e.g. ownership, warranties)



## Supply chain

Negotiating with the Recycling and Logistics Service Providers on quality and volumes

Decisions regarding safety stocks and lot sizes in light of reverse products flow

Decisions regarding maintenance programs and warehousing



## BIKE MANUFACTURER

Negotiate conditions with different types of buyers regarding:

- 1) sales contracts (e.g. MCI, INCOTerm)
- 2) repurchase contract (e.g. quality, volume)
- 3) service contract (e.g. ownership, lease, maintenance, warranties)

Negotiating with the Financial Service Providers (e.g. Vendor lease, Loans, Insurance)

Decide on Buyback value of the repurchased products

MCI ambition level for the whole company



## Sales



## Finance

# WHY CIRCULAR ECONOMY?

---



The world is inhabited by a **growing number of people**. An ever larger share of them is living in cities and is ageing.



Wealth is increasing globally, creating a larger middle class, for which we extract more and more **natural resources**



Causing **increasing CO<sub>2</sub> footprints and waste production**. As a result, global consumption currently goes **above and beyond the earth's regenerative capacity**.



The linear “Take – Make – Dispose” system which depletes natural resources and generates waste is deeply flawed and can be productively replaced by a restorative model in which waste does not exist as such but is only food for the next cycle.

- Ellen MacArthur Foundation -

# THE CIRCULAR ECONOMY PROVIDES NEW BUSINESS OPPORTUNITIES

---

## The upside is clear to many ...

Increase in economic growth\* with 1% to 4% through circular strategies which entail maintenance & repair, reuse, remanufacturing, refurbishment and recycling.

These strategies enable companies to:

- Enter new markets (C2C and C2B)
- Gain market share
- Offer new / differentiating (service) propositions
- Create competitive advantage
- Utilize latest technology
- Apply solutions to sustain our planet & their business

\* Ellen MacArthur Foundation

... but what does this mean in practice and which challenges will you encounter?

*Valuation of materials and components*

*Laws and regulation*

*Counterparty risk*

*Value chain collaboration*

*Control mechanisms*

*Reverse logistics*

*Ownership of goods*

*Product quality*

# APPENDIX

---



# WHO WE ARE?

---



## About Inchainge

We are a Netherlands-based company specialized in developing and marketing of simulations and learning programs in Supply Chain Management and Supply Chain Finance, with a network of delivery partners on every continent. Our simulations, The Fresh Connection and The Cool Connection, focus on what we truly believe to be vital for every organization: **Alignment**.

- From strategy to action
- From theory to practice
- From finance to physical supply chain
- From sales to procurement to operations and planning
- From service providers to corporates

[www.inchainge.com](http://www.inchainge.com)



## About ING Wholesale Banking

ING Wholesale Banking (WB) meets all banking needs of large corporations, multinationals and financial institutions. With a history that stretches back some 200 years, we have made a name for ourselves by helping clients build successful businesses. We do this by ensuring we understand their unique needs, by being a trusted advisor to them for the long term and by proactively creating innovative solutions and executing them flawlessly.

We finance growth, manage the day-to-day banking needs of our clients and provide them with a full range of banking solutions to help to achieve their business goals.

We are a truly international team of more than 11,000 banking professionals with local knowledge and a presence in more than 40 countries.

[www.ingwb.com](http://www.ingwb.com)



## About Windesheim

Windesheim is one of the Netherlands' top universities of applied sciences, known for its personal approach and for working closely with the business community and public institutes.

With well over twenty-five thousand full-time and part-time students and more than two thousand staff at sites in Zwolle and Almere, Windesheim is one of the largest universities of applied sciences in The Netherlands. We are a broad-based institute that offers a wide range of accredited Bachelor's degree courses

[www.windesheim.nl](http://www.windesheim.nl)

# Fapics

ASSOCIATION FRANÇAISE DE SUPPLY CHAIN MANAGEMENT

Fapics is the French association for supply chain management whose vision is that competitiveness and growth come from sharing knowledge, talents and networks.

Since 1991, Fapics promote international best practices in supply chain management for the development of individuals and the competitiveness of their companies.

Fapics is the French distributor of The Fresh Connection since 2012 and is currently Silver Partner of Inchainge. Fapics introduced the Demand Driven MRP methodology in France and is currently worldwide leader regarding implementations.

In 2018, Fapics co-developed the DDMRP version of The Fresh Connection with the workshop *A Demand Driven S&OP experience* endorsed by the Demand Driven Institute.



Company members of Fapics play the Fresh and The Cool Connection in their academy and participate to the Global Professional Challenge since 2012.

In 2015, Essilor, company member of Fapics, won the Global Final and were world champion. 



Fapics is introducing The Blue Connection with the support of university partners:



And the support of their consulting firm partners :



## CURIOUS TO HEAR MORE?

---



**Michiel Steeman**

Tel: +31 6 31960781

Email: [m.steeman@inchainge.com](mailto:m.steeman@inchainge.com)



**Marloes van Elsen**

Tel: +31 6 30491160

Email: [marloes.van.elsen-bergevoet@ing.nl](mailto:marloes.van.elsen-bergevoet@ing.nl)



**Lisa Zom**

Email: [lm.zom@windesheim.nl](mailto:lm.zom@windesheim.nl)

# The Fresh Connection: Track Record

---

The Fresh Connection (TFC) delivers the ultimate value chain learning experience. Developed by Inchainge in 2008, it has been experienced by more than 25,000 professionals in 600 companies across the world:

- Fortune Global 500: 40% of the top 100 manufacturing businesses are using TFC
- Gartner Supply Chain Top 25: Over 50% are using TFC
- Global top 10 of 3rd Party Logistics Providers: 40% are using TFC
- Used by more than 300 universities around the globe

[www.thefreshconnection.biz](http://www.thefreshconnection.biz)



# The Cool Connection: Track Record

The Cool Connection delivers the ultimate (financial) supply chain learning experience bridging physical and financial supply chains.

Developed by Inchange in 2012, The Cool Connection has already been experienced by many professionals in a wide variety of companies and banks across the world.

Experienced by more than 300 universities globally.

[www.thecoolconnection.org](http://www.thecoolconnection.org)

