



VAN DER VALK HOTEL

A Circular Business Model Innovation Journey

(A Part of Deliverable 5.2)

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Executive Summary

This report provides an overview of the circular business model innovation journey guided by the R2π project team for Van der Valk Hotel Venlo (The Netherlands). The team customised an innovation process to suit the specific needs of the company in order to help them explore opportunities to become more sustainable and circular. Due to confidentiality agreements, this report does not provide details of Van der Valk's strategy and internal business data, rather the purpose of the report is to describe the innovation journey and tools utilised.

A key challenge of the company relates to the daily business of running the hotel, a problem that persists in all hotel companies and can have an important role in eliminating negative environmental and social impacts.

For over 10 years, there has been a strong sustainability ambition in the region of Venlo. From the moment the city of Venlo embraced the Cradle to Cradle® principles, its motto has been 'Realizing economic growth by boosting innovation that goes beyond conventional sustainability'. The cradle to cradle® inspired city hall of Venlo inspired the Van der Valk Hotel in Venlo. The circular principles will be embedded in rebuilding the hotel, both in the construction as well as in the interior concepts. However, the management also seeks ways how these principles can be implemented in the daily business and operation of the hotel.

Therefore, Van der Valk Hotel Venlo is seeking viable business models to continue improving this situation and to create a process to continuously contribute to a circular transition. To that end, a cross-functional team from Van der Valk and R2π was brought together in workshop to gain a deeper understanding of the current business model and context within the market as well as to innovate new business models. Based on internal and external strengths, weaknesses, opportunities and threats identified within their current business model and context, they generated and explored multiple options for future circular business models. Thereafter, they further detailed these options and mapped out bold steps required to achieve the new business models. Team members identified their most critical assumptions and planned out roadmaps to allow them to test these assumptions and move forward towards implementing a more sustainable and circular business model.

During this innovation process, facilitated design thinking methods and tools were used to identify opportunities on how Van der Val Hotel can innovate circular business models that increase business value while simultaneously reducing – or completely eliminate - negative impacts on the environment. Throughout the innovation journey, business opportunities were identified and explored, seeking to develop action plans that can take these ideas into practical activities and products for the company to become more circular.

Many factors can be important to starting and continuing such a circular business model innovation journey and ensuring success. Some of the key barriers were:

- Lack of in-house expertise on circular economy;
- Perception of increased cost of execution by the lack of in-house experience on circular business models;
- Current staff awareness on circular economy;

Conversely, some of the key enablers were:

- Venlo is considered (inter)nationally as cradle to cradle® hotspot



- Global and local trends on circular economy;
- Target groups (for example millennials) are purposefully fighting climate change.

From this case and others in Work Package 5, it seems that the facilitated circular business model innovation process and tools can be valuable, replicable and transferable to other companies and other industries. The methods and tools used across case studies can be effectively adapted, enabling a flexible, collaborative and customised process that supports organisations transition to the next stage of circular business model development.

Furthermore, this case study shows that several factors are important to initiating and sustaining a circular business model innovation journey, and achieving outcomes. Key factors (which can be barriers and/or enablers) relevant to Van der Valk Hotel Venlo case were:

Regional ambition. The Venlo region is known as circular hotspot and is considered as important for new developments. Firstly, because of growing attention in 'green' tourism. Second, the need and/or will to contribute of a business to the regional circular ambitions.

Cross-sectoral collaboration. Van der Valk Hotel Venlo already works with a network of suppliers and also do a market consultation to (new) suppliers that can contribute to their sustainable goals. This requires collaboration and steering on circularity.

Investing time and resources. Taking time out of busy schedules is a significant challenge for company staff and managers. Nevertheless, the Van der Valk Hotel Venlo team demonstrated a strong willingness to invest staff time and prioritise the effort required.

Clarity of ambition. To create action, it is important that culture and intentions are translated into a clear ambition. Van der Valk's ambition to achieve circularity served as a focal point around which teams could engage and generate ideas.

Expertise in circular economy. Circular economy principles provide a lens by which companies can look at their business model in new ways. Access to this expertise can be a key challenge and barrier for companies undertaking a circular business model innovation journey.

Experience in business model innovation processes and tools. Business model innovation is not a process which company staff usually have experience in. It combines expertise in facilitation, business acumen, and change leadership. It is therefore beneficial for companies to either train staff in tools and techniques (and enable them to maintain skills by regularly applying them), or to seek external expertise. Van der Valk benefited from the R2π team bringing this skillset to the process and recognised the positive impact it had. Furthermore, the R2π Circular Business Model Innovation Toolkit (Deliverable 5.1) and Circular Economy Transition Guidelines (Deliverable 7.2) provide additional support for companies.



1. Introduction

1.1 Background and context

R2π – Transition from Linear to Circular is a European Union Horizon 2020 project focused on enabling organisations and their value chains to transition towards a more viable, sustainable and competitive economic model in order to support the European Union’s strategy on sustainability and competitiveness.

R2π examines the shift from the broad concept of a Circular Economy (CE) to one of Circular Economy Business Models (CEBM) by tackling market opportunities and failures (businesses, consumers) as well as policy opportunities and failures (assumptions, unintended consequences). Its innovation lies in having a strong business-model focus (including designing transition guidelines) as well as in the role of policy development (including designing policy packages).

The ultimate objective of the R2π project is to accelerate wide-spread implementation of a circular economy based on successful business models and effective policies:

- to ensure sustained economic development,
- to minimize environmental impact and
- to maximize social welfare.

The mission of the project is therefore to identify and develop sustainable business models and guidelines that will facilitate the circular economy, and to propose policy packages that will support the implementation of these sustainable models.

A core part of this project is to work with organisations who are on the journey towards developing circular economy business models, as well as those who have the ambition to do so but haven’t yet begun. The project has conducted three innovation journeys.

This report presents the case study of Van der Valk Hotel Venlo. It was chosen due to its role in the cross-sectoral approach of their daily business: including among others housekeeping, hospitality, operations, kitchen, food & beverage. Also, due to its practicality in a wider group of family driven hotels.

The next section provides a more detailed overview of the case organisation’s business.

1.2 Business overview

This section presents a high-level overview of Van der Valk Hotel Venlo. With nearly a hundred hotels which are mostly run by family members, Van der Valk is a family business unlike any other.

How it once started...

Martinus Van der Valk was the youngest sibling in a family of 24 children. Maybe that’s the reason he always took every chance he saw. After his mother passed away in 1929, he acquired ‘*Boerderij de Gouden Leeuw*’ in Voorschoten in the Netherlands, which came with a café. He cleverly made use of any opportunity. He once traded a horse for a car, which wouldn’t start the next day. To make sure he could enjoy the trade, Martinus mounted the car’s wheels on his horse carriage, making it quiet as a mouse. Shortly after carriage owners started coming to Martinus for tires and he became successful in the car trade. Before this he travelled frequently and noticed that the food never tasted as good as it did at home. That was a good idea for the café! Soon the guests could have a homely meal there.

Martinus stayed in the car trade while his wife Riet was in charge of the café. They had no less than twelve children. The Van der Valk family worked hard, they barely ever sat still. Martinus was full of ideas, and devised a plan to acquire a business for each of his children. Riet took over his work and Martinus started looking for suitable companies to buy. The children didn’t get the businesses for free, they had to work



hard to earn them. And they did, according to their father's philosophy. Martinus often bought companies that were in poor financial shape to build them back up.

In the eighties and nineties the company grew quickly. Not only by buying existing businesses but also by building new ones. Martinus' sons Arie and Gerrit van der Valk starting taking the forefront. Arie took care of the financial side, Gerrit was the entrepreneur and the representative. The whole family helped: "If the children can walk, they can wash glasses", grandfather Martinus once said.

Hard work, lots of fun

All children in the Van der Valk family started working at a young age because of the family business. More than a hundred years later many locations have been added in the Netherlands, Germany, Belgium, France, Spain and the Netherlands Antilles. The fourth generation is taking over from the third generation and in some hotels the fifth generation is chipping in. The first member of the sixth generation was recently born. It is not compulsory for family members to work in the food service industry, but not many let such a unique chance to help build such a special company pass. They work together to build more attractive and better businesses, so that they can pass them down to the next generation.

Second home

The people that work at Van der Valk often see it as their second home, but guests also feel welcome, because of the homely atmosphere in the hotels. Mostly because Van der Valk is a real family business, with family members that are present in the hotels every day. The interior is modern, but cosy most of all. The hotels have been designed for families, nearly every restaurant has a play area and the menu has something for everyone. In the past Van der Valk served the type of food you would eat at home. Nowadays the hotels try to take the culinary experience a step further. One thing has never changed: visiting Van der Valk feels like coming home: delicious food and drinks and a good night's rest in a cosy setting.



VAN DER VALK HOTELS & RESTAURANTS

Why the toucan?

It's one of the most frequently asked questions for the Van der Valk family: why do you have a toucan in the logo, and not a falcon? The answer comes from the acquisition of bird zoo Avifauna. The family was looking for a symbol for the whole family. After the war birds of prey caused bad memories for a lot of people because they were used as a symbol by the Nazis. As Gerrit van der Valk said: "If a falcon is asleep it is nothing, and when it hunts it looks like an eagle. A toucan is a beautiful, big, tropical bird, a cheerful animal, a social animal, that fits our identity so much better".



Strategy and sustainability

In the Venlo region (South of the Netherlands) there has been a strong sustainable ambition since this region organized the World Horticultural Expo in 2012. From the moment the City of Venlo embraced the C2C[®] principles, its motto has been "Realizing economic growth, by boosting innovation that goes beyond conventional sustainability." Then, in a co-creation with both co-founders Braungart & McDonough as well as stakeholders from the region, The Venlo Principles were developed. These principles are specific for the Region of Venlo and focus on "doing good rather than less bad".

A few years later Venlo the new city hall was built and opened its doors in 2016. It is a cradle to cradle[®] inspired building and a huge inspiration for a lot of companies in this area. Van der Valk Hotel Venlo always have recognised the importance of social responsibility and sustainability. Due to the ambition of the Venlo

region over the last decade, Van der Valk Venlo felt the importance of joining this way of thinking and intensified their ambitions concerning sustainability. The hotel already has the Greenkey 'Gold' status (Greenkey certification meet a set of high standard environmental requirements), but they want to do more (source: mail sales & marketing manager).

FIGURE 1: DESIGN REBUILD OF VAN DER VALK HOTEL VENLO'S LOCATION

Van der Valk Hotel Venlo renews

Hotel Venlo will be completely new. After 25 successful years in the current building it is time for renewal. The future hotel will be particularly sustainable, innovative and according to the current spirit of time. Modern and luxuriously furnished hotel rooms, 12 modern meeting rooms including an auditorium, an à la carte restaurant and a live cooking restaurant, a trendy hotel bar, a rooftop bar on the top floor and a fitness and wellness area for the necessary effort and relaxation. If all goes according to plan it will reopen in December 2020.



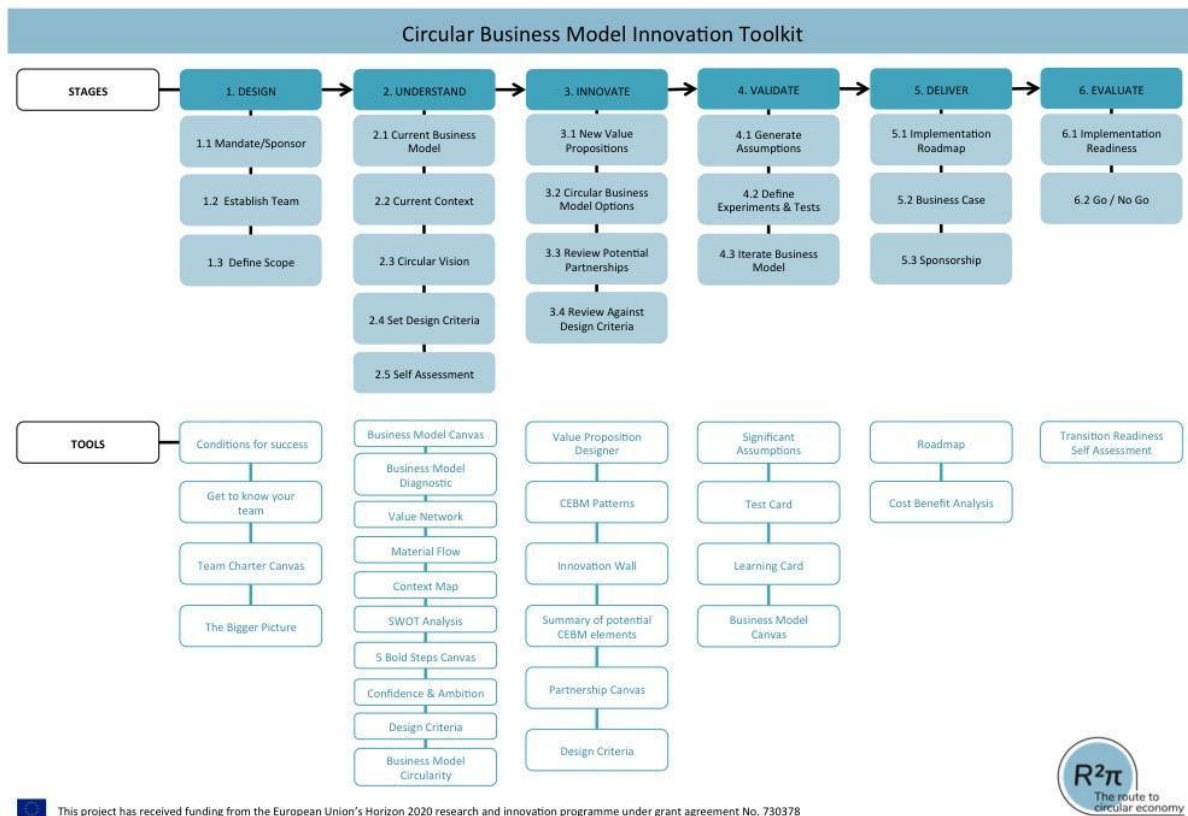
Not Hotel Venlo has the chance to rebuild their hotel in order to make it future proof, they are convinced there's only one way to do it : cradle to cradle® inspired. Not only because they believe in the principles, but also because they cannot let the region down in achieving its general ambition. The more companies in this region will join this way of thinking, the more we can gain as a region in general (source: mail sales & marketing manager).

The scope of this innovation journey case study is the integration of circular economy and circular economy business models in the 'daily business' of Hotel Venlo. With the focus of cradle to cradle® and circular design as focus area in the building development and it's interior, showed the need of integration of the circular principles in the general processes of the hotel and it's ecosystem. A short movie about the new project can be found here.

1.3 The circular business model innovation process

The case study process is a circular business model innovation journey based on the process and tools in Figure 2 below, however, customised in collaboration with Van der Valk Hotel Venlo to meet their specific needs and ambitions. It was structured in a preparatory phase of meetings and with the Hotel Director and Marketing & Sales Manager, followed by two workshops with a compact, key team from Van der Valk Hotel Venlo's Management and Operations. Generally, the innovation journey covers six main stages: 1) design, 2) understand, 3) innovate, 4) validate, 5) deliver and 6) evaluate. The innovation journey process would ideally be facilitated all the way to the company's final decision to implement a new circular business model in the market. In this case, due to the time constraints of the R2π project and the early-stage nature of Van der Valk's intended business model, the journey was customised and led into the validate stage where further steps were defined for continuation beyond the project. The figure below shows the process stages, their sub components and key tools.

FIGURE 2: GENERIC CIRCULAR BUSINESS MODEL INNOVATION PROCESS AND TOOLS



Source: R2π Deliverable 5.1

1.4 Report outline

The first chapter introduction has provided a high-level overview of the case and case study process. Chapter 2 presents a description of the six processes of the Innovation Journey: design, understand, innovate, validate, deliver and evaluate. The chapter will show the big picture surrounding the business and the context in which it operates as well as the key external factors. Then, the analysis of the current business at each building block level of the business model, including the circularity of the business, the financials and the strengths and weaknesses will be discussed. This is followed by the innovation of new circular business model options and the associated assumptions and the next steps to further test and evaluate the circular business model. Chapter 3 draws conclusions and recommendations for the continued transition to circularity.

2 Van der Valk Hotel Venlo's Business Model Innovation Journey

2.1 Design

The objective of this first stage is to establish whether the Circular Economy has any significant footholds in the organization. For circular business model to be successful, there is a need to involve the right people from across the entire organization. Therefore, establishing the right team, evaluating their influence and competencies, and defining the roles they will play throughout different parts of the innovation journey needs to be a priority. Only then, an organisation can start scoping out the projects. In addition, there are several tools that can be used as guidance throughout this process. In this regard, the sub-activities of this initial phase aim to define mandate & sponsors (self-assessment tool), define the establish a team (“get to know your team & team charter canvas”) and scope (big picture analysis tool).

2.1.1 Mandate & Sponsor

There are several questions needed to understand at what level of CE ambition is mandated (i.e., who and why drives the CE in the organization):

1. Is there a clear circular ambition within the organisation?
2. At what level is that mandated within the organisation (e.g executive level; business unit; project level; individual)?
3. What evidence is there that the organisation can sustain attention and focus throughout the entire business model innovation journey?
4. What level of access does the organisation have internally (within the organisation) & externally to other key stakeholders?

R2π found that Van der Valk Hotel Venlo has a strong ambition towards more sustainable and circular business models, all the way up to executive level management. Their desire is to move beyond current solutions such as Green Key hotel requirements. The circular ambition is embraced by the executive level management, and have to be anchored step by step in the organization.

Their circular ambition will be reflected in the rebuilt of the hotel and its interiors. In the current design different circular and/or cradle to cradle® certified products and materials are foreseen. Also, the design team works on adding more of these products during the design and building processes. Subsequently, Van der Valk Hotel Venlo organized a market dialogue with their current and possible future suppliers and challenges them to offer circular and cradle to cradle® solutions for their building, interior and daily business. Their experience until the date of writing this document, is that many suppliers willingness is high to offer circular solutions.

2.2.2 Establish Team

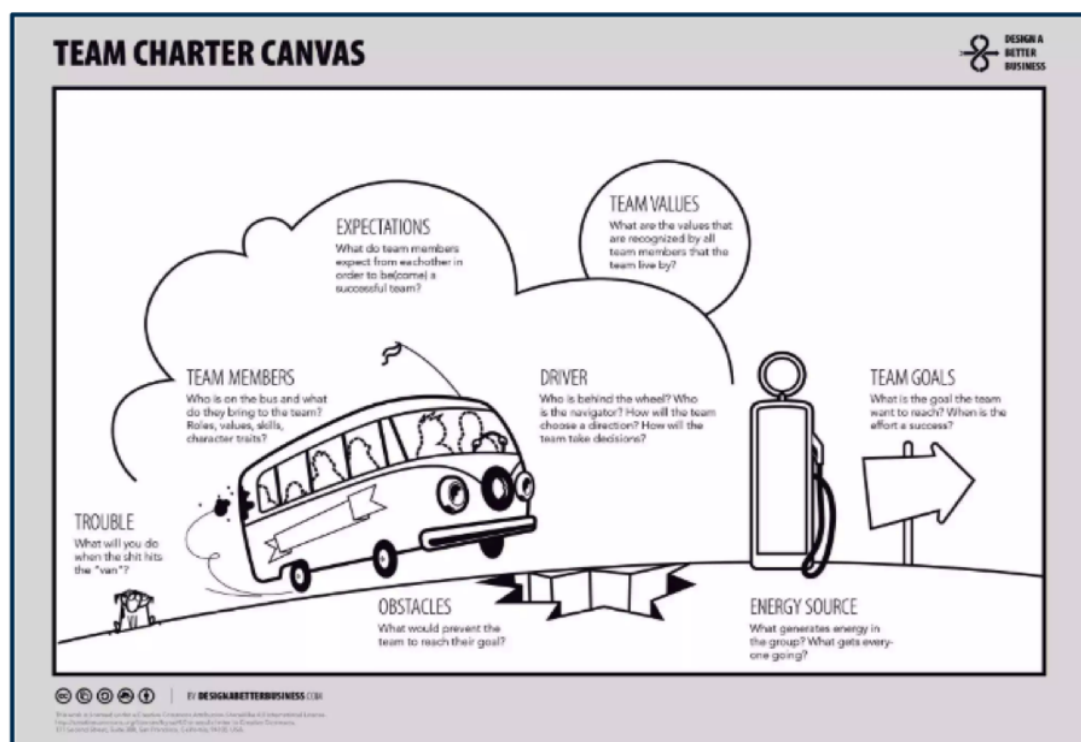
Innovation journeys can be long and complex, and therefore there is a need to define a core team & wider cohort that will participate in each stage of the journey. The team needs to include a range of managers and employees to ensure full coverage and proliferation through every relevant department. This will ensure that every aspect of the business is being considered while working towards a new circular business model.

The core team at Van der Valk Hotel Venlo consisted of a selection of decision-makers and representatives from across the organisation, including director, sales & marketing, and front office along with the external CE and innovation support from the R2π team.

When working with a very large group of members within an organisation or indeed across departments, there may be a requirement for such tools as 'Team Charter' or 'Get To Know Your Team' to help you understand who you're working with and gain clarity of roles. In this case, the small and robust nature of the team at Van der Valk Hotel Venlo, meant that the need for such broad tools, wasn't required at this stage. The focus for this particular innovation journey was a conceptual vision to explore ways to embed circular principles into the internal process of services within the hotel.

Only following the development of this overarching view of the Hotel, would they (in future) likely have to use such tools to pull together a broader team representing all of the different departments within and therefore start to build on this vision with the relevant inside knowledge from each of the departments that make up the full package.

FIGURE 3: TEAM CHARTER CANVASS



Source: Design a Better Business

2.2.3 Define the Scope

Initially, discussions took place with the team and sponsors to define what can be achieved in the upcoming circular business model innovation process to meet the needs of the organisation while remaining within the time and resources available. The clear definition of scope (the hotels daily business) for the circular business model innovation journey helps to provide a shared understanding of the current situation in the organisation and willingness for working towards improvements. It was agreed that a series of online meetings and a two-day workshop would be held to follow the stages of understand, innovate, evaluate and deliver using some but not all of the described tools in order to create some circular business model options for Van der Valk Hotel Venlo to then further investigate and test.

Based on various discussions during the design phase, background research we have done on the company and by using the 'Bigger Picture' as a guide, we were able to structure Van der Valk Hotel Venlo's options. This process can be executed based on the following:

- Step 1: Headaches: The issues and situations, positive and/or negative, that they face as an organisation
- Step 2: Business Model (challenges): A brief overview of the business model with particular focus on present or potential challenges (i.e, latent, not yet manifested)
- Step 3: Low Hanging Fruit: These are things that can be improved relatively quickly without requiring too many resources or effort. These are usually identified before, during and after the design phase (1.2) – the question to answer is; what is easy for us to improve right away?
- Step 4: Goals: These are the overall goals for the proposed CE project
- Step 5: Vision: The overall vision of the organisation – what is its purpose? It may not be clear at this stage but it's good to create a clear starting point for later stages. A few options can be recorded
- Step 6: Context: The key 3-5 trends and/or developments that are likely to impact the existing business model.
- Step 7: Business Model Options: Establish 4 - 6 'top-level' business model options that are aligned with the overall goals and the overarching circular ambition.

2.2 Understand

Before establishing the future vision and ambition of the business, it is imperative to get a common understanding of the current business model and the context in which it operates. For instance, to understand the impact that changes in customer needs, demographics or technology can have on the future of the business. Therefore, the tasks are to understand the current business model, its core strengths and weaknesses and evaluate how well these are aligned against the opportunities and threats of the current context. This stage can be accomplished with some of the recommended tools: adapted business model canvas, context map, SWOT analysis and circular vision.

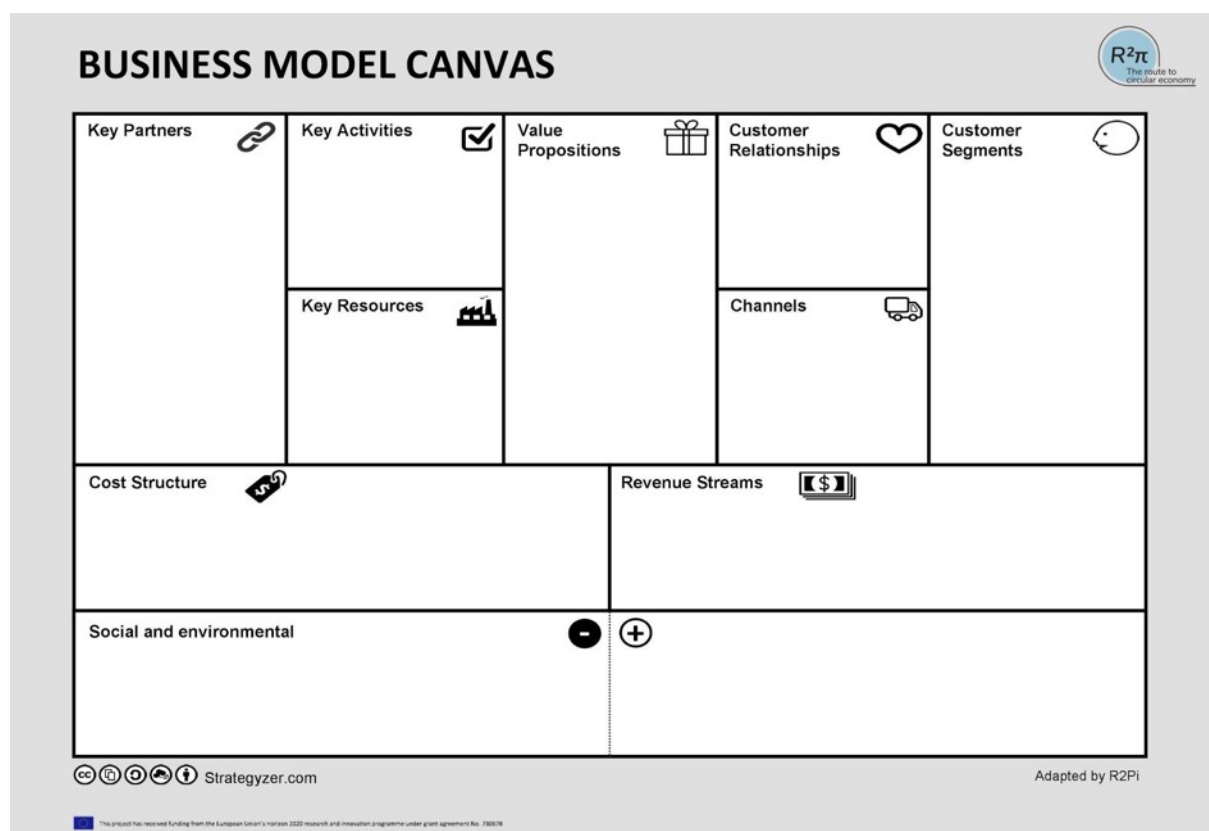
2.2.1 Current Business Model

This stage is designed to document the current state of the business by breaking down all activities into digestible building blocks. This provides an overarching view of the key aspects of the current business model. Also, it provides a clear and common understanding of the current state business model between all stakeholders involved in the process.

In this regard, a compact team of 3 key people from within Hotel Management & Operations, came together to map out their internal view of Van der Valk Hotel's current business activities. Then, each of the participants were encouraged to provide their own personal insights about each of the key sections in the business model canvas and discuss in order to gain common understanding.

The business model canvas introduced in the workshop helped to describe, visualise and assess the business model and to describe the rationale of how the organisation creates, delivers and captures value. The R2 π adapted version of the business model canvas adds a special focus on social and environmental costs and benefits to highlight the importance of sustainability and circularity in providing value also to people and planet (see Figure below).

FIGURE 4: ADAPTED BUSINESS MODEL CANVAS



Source: Adapted by R2 π ¹ from the original by Alexander Osterwalder

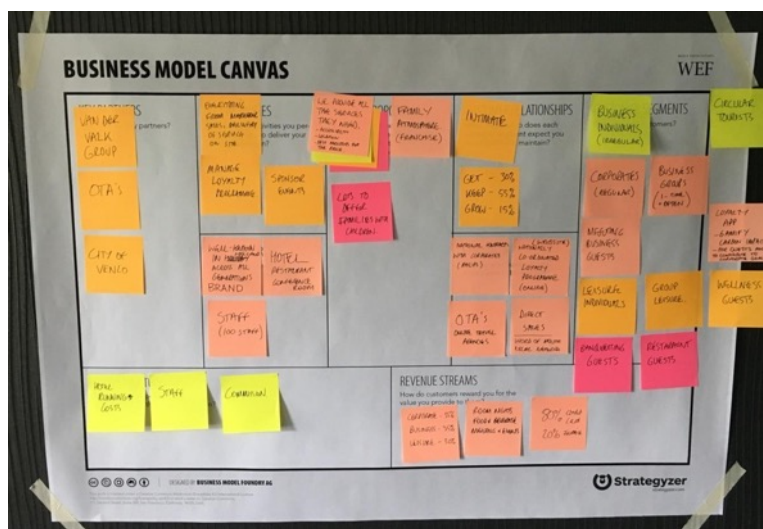
It is important that the canvas is completed, one section at a time, in the following order:

¹ <http://www.r2piproject.eu/wp-content/uploads/2019/08/3.-R2Pi-Busines-Model-Canvas.pdf>

- Step 1: **Customer Segments:** Who are the key customers? At least the top three segments should be listed (those segments providing the most revenue).
- Step 2: **Value Propositions:** What are the key products and services? What is the job that gets done for the customer?
- Step 3: **Revenue Streams:** What are the top three revenue streams? If value is given for free, these are to be added here too.
- Step 4: **Channels:** How does the organisation communicate with customers? How do is the value proposition delivered?
- Step 5: **Customer Relationships:** What type of relationships are built? How these relationships maintained?
- Step 6: **Key Activities:** What is done daily to run the business? Which activities are the most critical to delivering the value?
- Step 7: **Key Resources:** What knowledge, means, people and money are needed to run the business?
- Step 8: **Key Partners:** Which partners are critical, without whom the business would not succeed (not suppliers)?
- Step 9: **Cost Structure:** What are the largest costs (coming from key activities and key resources)?
- Step 10: **Social and Environmental Positives:** What are the key positive impacts that are created for people and planet?
- Step 11: **Social and Environmental Negatives:** What are the key negative impacts that the model has on people and planet?

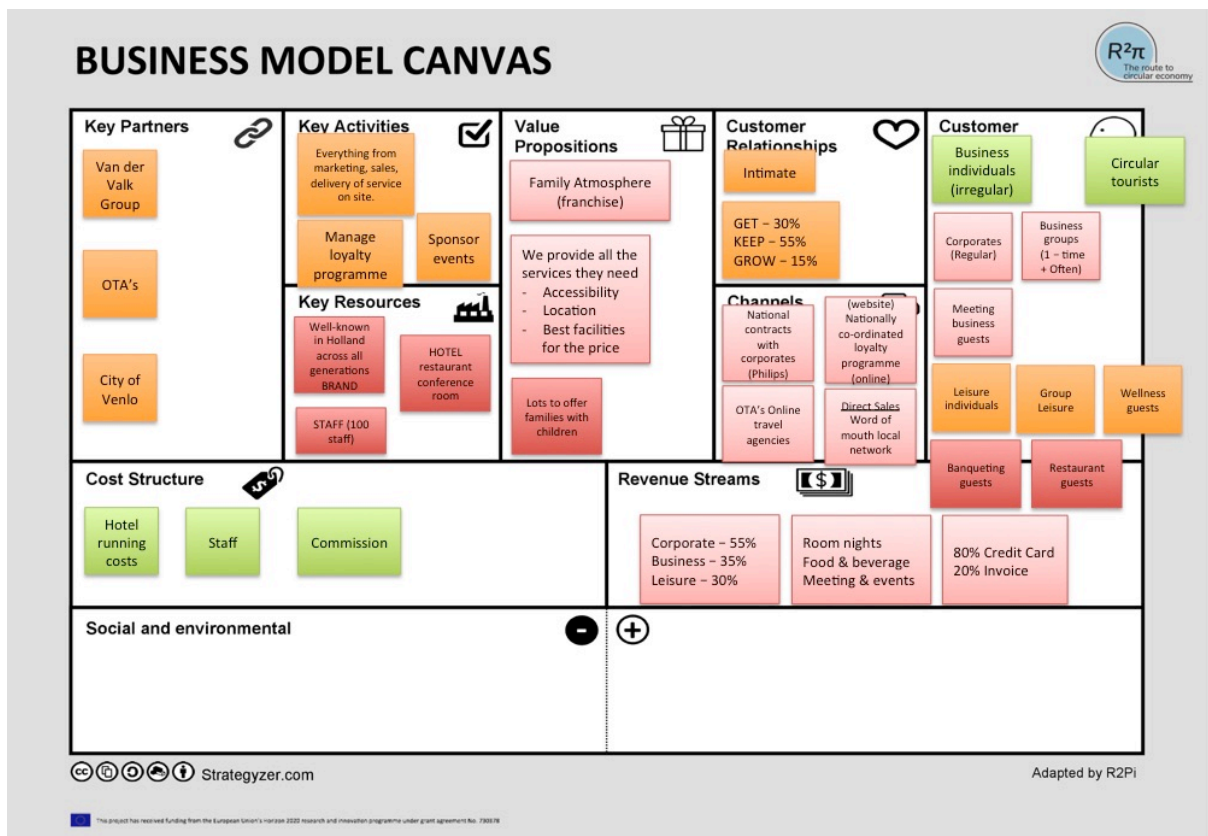
This participatory approach provides an excellent opportunity to gain information from different perspectives and different expertise across multiple departments of the organisation. The team discussed together to create one common, collaborative version that provides an overview of the business model activity as a whole. (see figure 5 below).

FIGURE 5: EXAMPLE OF WORKSHOP BUSINESS MODEL DISCUSSION



Source: Van der Valk Hotel Venlo and R2π Workshop

FIGURE 6: BUSINESS MODEL CANVASS



Source: R2π Project

The output of this discussion is a clear and common understanding of the current state business model. All participants in the innovation journey need to understand the current linear business model as a basis for developing ideas for more sustainable and circular models. After having looked internally at the business, the next step is to consider the surrounding context and conditions in which the business operates.



Source: Van der Valk Hotel Venlo and R2π Workshop

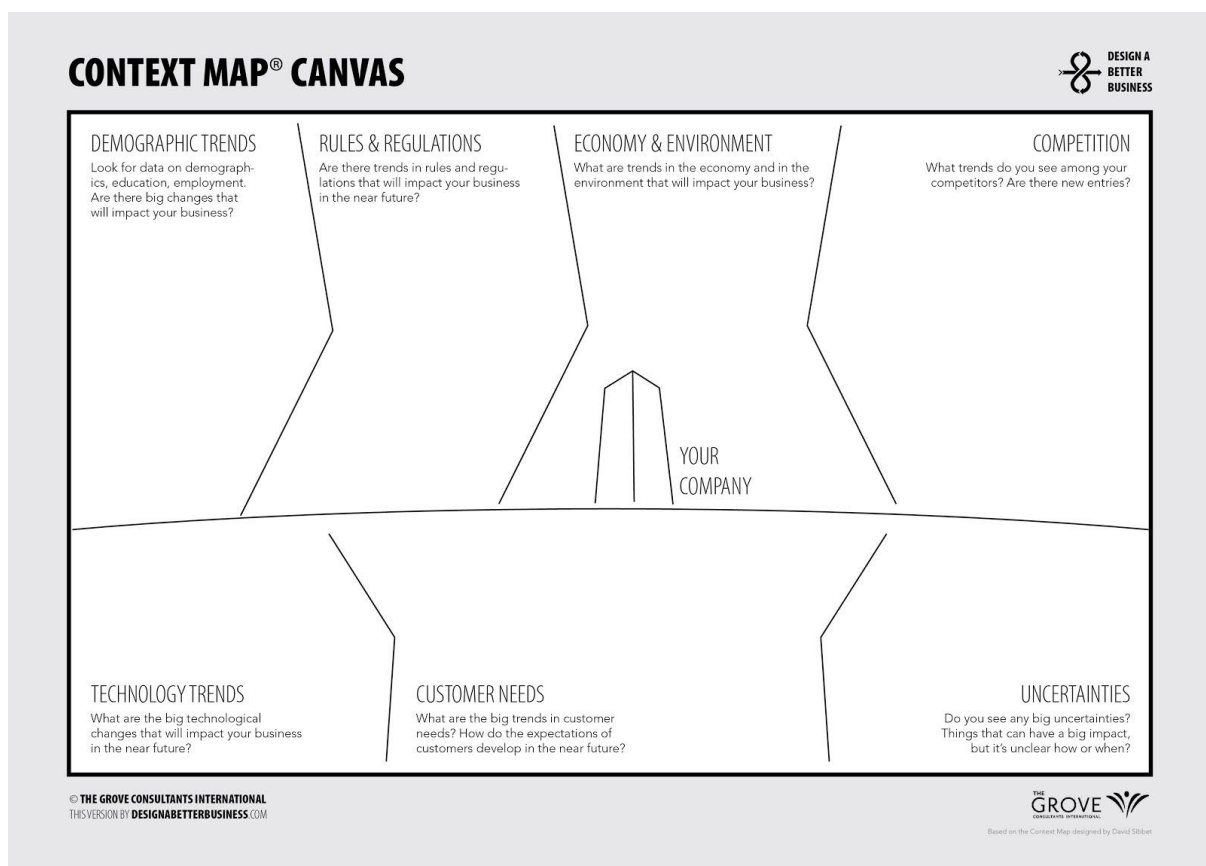


2.2.2 Current Context

Before diving straight into creating new business models, there is a need to have a good understanding of the existing context of the business (i.e., broader market, trends, rules, competition, etc.). By mapping out the context (i.e., external factors that affect a business), it helps to look for drivers outside the organisation and identify forces that could shape the business now and in the future.

The context canvas (see Figure below) is meant to help the team expand their thinking beyond the boundaries of product development and the organisation itself. The results will help to have a deeper conversation about what is going on in the world around it and what is changing that will affect the business in the future.

FIGURE 7: CONTEXT MAP

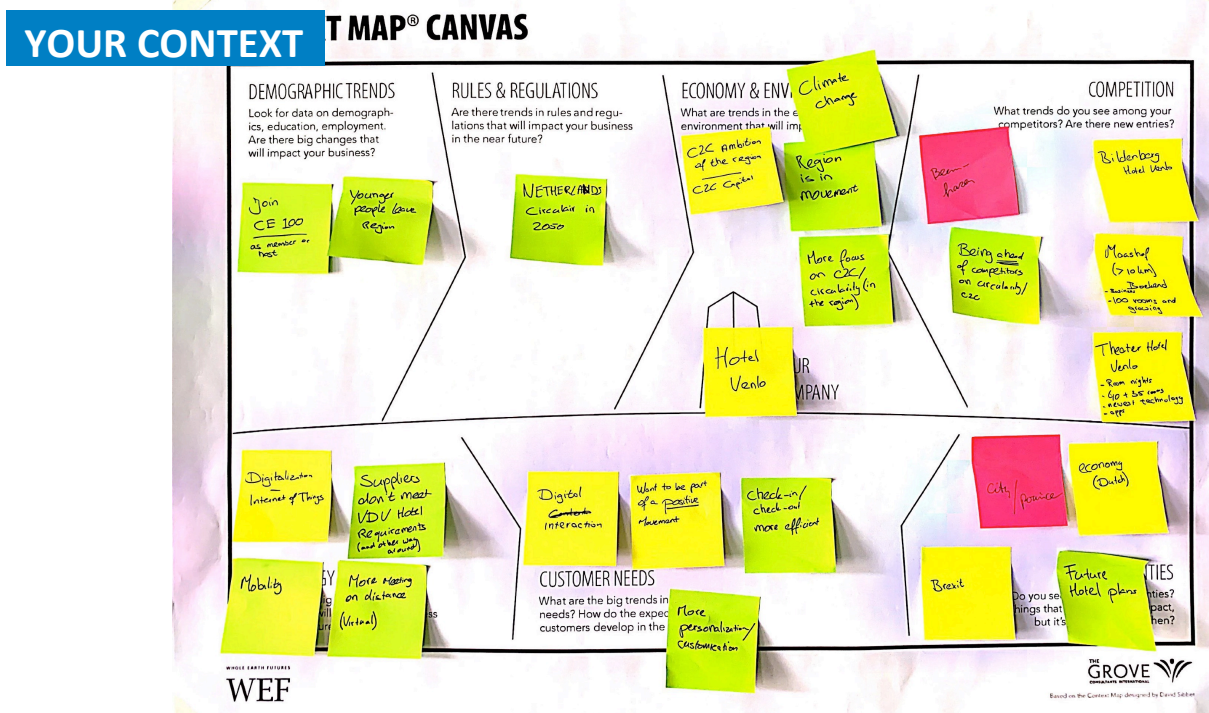


Source: Design a Better Business adaptation² of original by David Sibbet of the Grove International
When most teams begin to unpack the context of their product or organization, they take a myopic point of view that is rooted in the here and now. The Context Canvas® is meant to help the team to expand the thinking beyond the boundaries of product development and the organization. The results will help to have a deeper conversation about what's going on in the world and what's changing that will affect the business in the future.

Based on the same procedure followed in the past exercise, the participants individually mapped out the current context. Subsequently, the participants were encouraged to provide their own personal insight about each of the sections in the context map (see figure below).

² <https://designabetterbusiness.tools/tools/context-canvas>

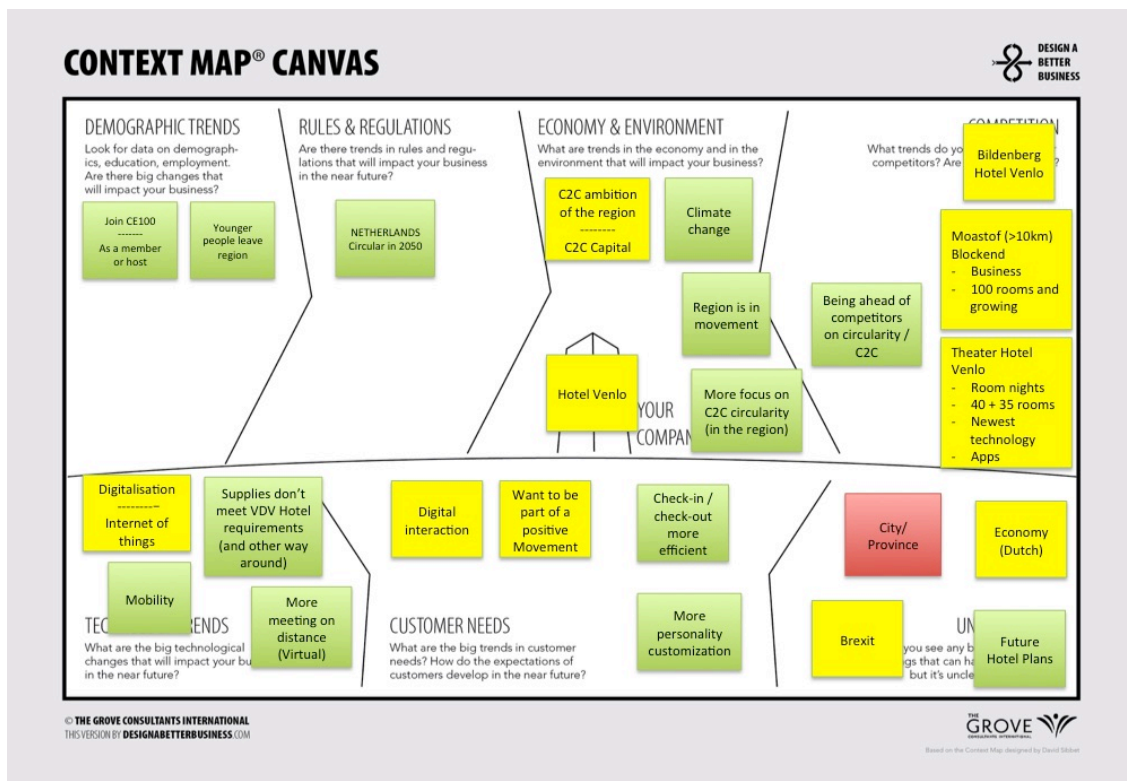
FIGURE 8: EXAMPLE OF WORKSHOP CONTEXT DISCUSSION



Source: Van der Valk Hotel Venlo and R2π Workshop

Moreover, some of the key elements from the participants were integrated into one context canvas as seen below, and these will be further discussed in the following sessions.

FIGURE 9: COMPILED CONTEXT MAP



Source: Van der Valk Hotel Venlo and R2π Workshop



Demographic Trends

As part of the context canvas, the identification of global demographic trends helps the business to identify potential challenges or opportunities to create long-term value by developing or adapting products to future demands. In this regard, the participants in the workshop highlighted key trends that will impact business operations, such as the exodus of young people from the region and the growing visitors in the region in relation to circular economy. Based on these trends, future business models will be subject to changes in order to produce high quality products and/or services to meet these changing needs.

Rules and Regulations

Participants in the workshop provided insightful input related to legislation and regulations that are important to consider in their present and future business operations. Especially the ambition within the Netherlands to be 100% Circular in 2050 (and 50% circular in 2030) influence future business³.

Also, more local visions and regulation might impact the future business. For example, the Venlo Region positions itself as important hub for cradle to cradle® and circular developments. Moreover, the city itself realized multiple shining example projects to showcase the added value of cradle to cradle® and circular design. This also reflects in local policy, like spatial structure, procurement and well-being.

Economy and environment

Another important block in the context analysis is the economic and environmental trends section that helps to discuss how these areas may impact business operations in the future. The participants in the workshop highlighted key trends such as climate change, C2C® ambition of being a C2C-capital region, circular economy and the (economic) transition of the region and among others. All of these are factors to consider when innovating and developing ideas for new and more circular business models.

Competition

Based on the participants responses, the main strengths of their competitors is to be ahead of competitors on circularity and C2C®. Van der Valk Hotel is the largest hotel in the region, but three other companies were identified as their biggest competitors. Bildenberg, Maashof and Theatre Hotel Venlo are important players in the regional market.

Technology Trends

Technology trends can be key disruptors which have major impacts on the future business. This was also an important section of the context canvas, where participants mentioned some key points that van der Valk Hotel Venlo has to consider in the future such as Digitalization, Internet of Things (IoT), Mobility, more meetings on distance (virtual), suppliers don't meet Van der Valk Hotel Venlo requirements and among others. Any or all of these technologies could become common features in the future and are critically linked to the development of new products and services.

Customer Needs

Mapping trends of customer's needs and desires are fundamental components in understanding how Van der Valk Hotel Venlo creates value for customers. The participants discussed various trends and possibilities in customer needs: digital interaction, willingness to be part of a positive movement, efficient check-in/check-out and more personalization and customization. Many of these trends highlight

³ <https://www.government.nl/documents/policy-notes/2016/09/14/a-circular-economy-in-the-netherlands-by-2050>



the need to improve on traditional business models and move to more sustainable and circular business models.

Uncertainties

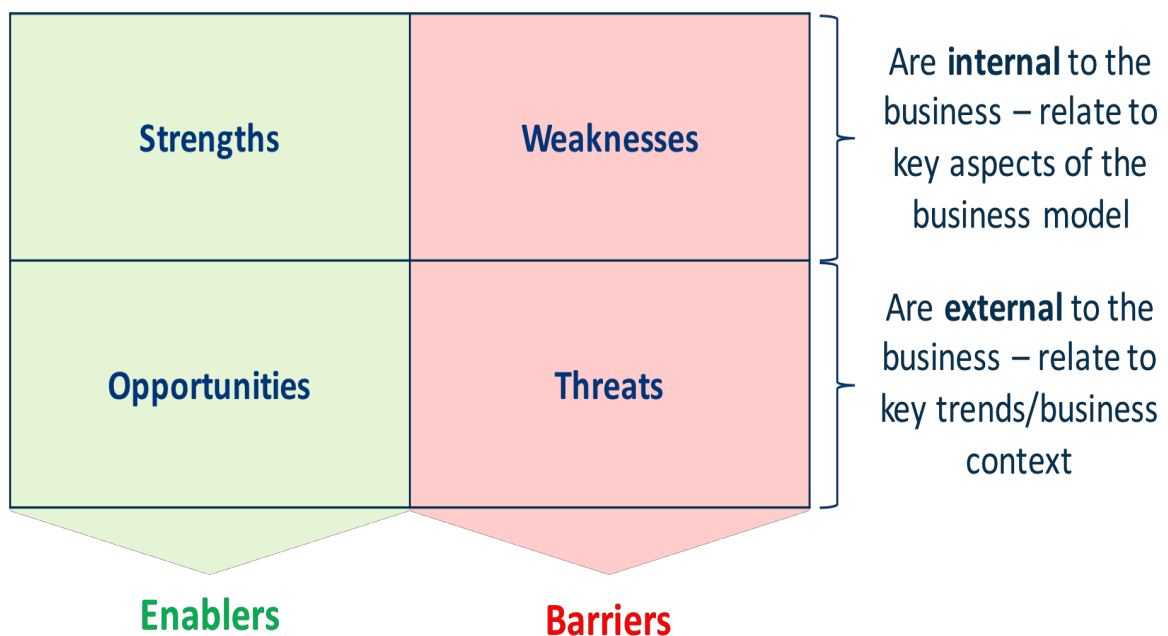
The identification of uncertainties is highly important in order to identify potential risks in future business operations. In this block of the canvas, the participants mentioned some uncertainties such as Dutch economy, Brexit, Future hotel plans and decisions in political context (city, Province, Country). In dealing with these uncertainties and the other factors discussed, an analysis of the most critical elements should be conducted, as in the next section.

SWOT Analysis

Strengths, Weaknesses, Opportunities and Threats (SWOT)

This section contains a discussion of the strengths, weaknesses, opportunities and threats (SWOT) associated with the current state business model and its context. As is customary in SWOT analyses, the strengths and weaknesses should be derived from INTERNAL factors of the organisation's business, and these are extracted primarily from the business model canvas discussion. Whereas, the opportunities and threats should be derived from EXTERNAL factors surrounding the organisation, and these are extracted primarily from the context map discussion (exemplified in the diagram below).

FIGURE 10: SWOT ANALYSIS



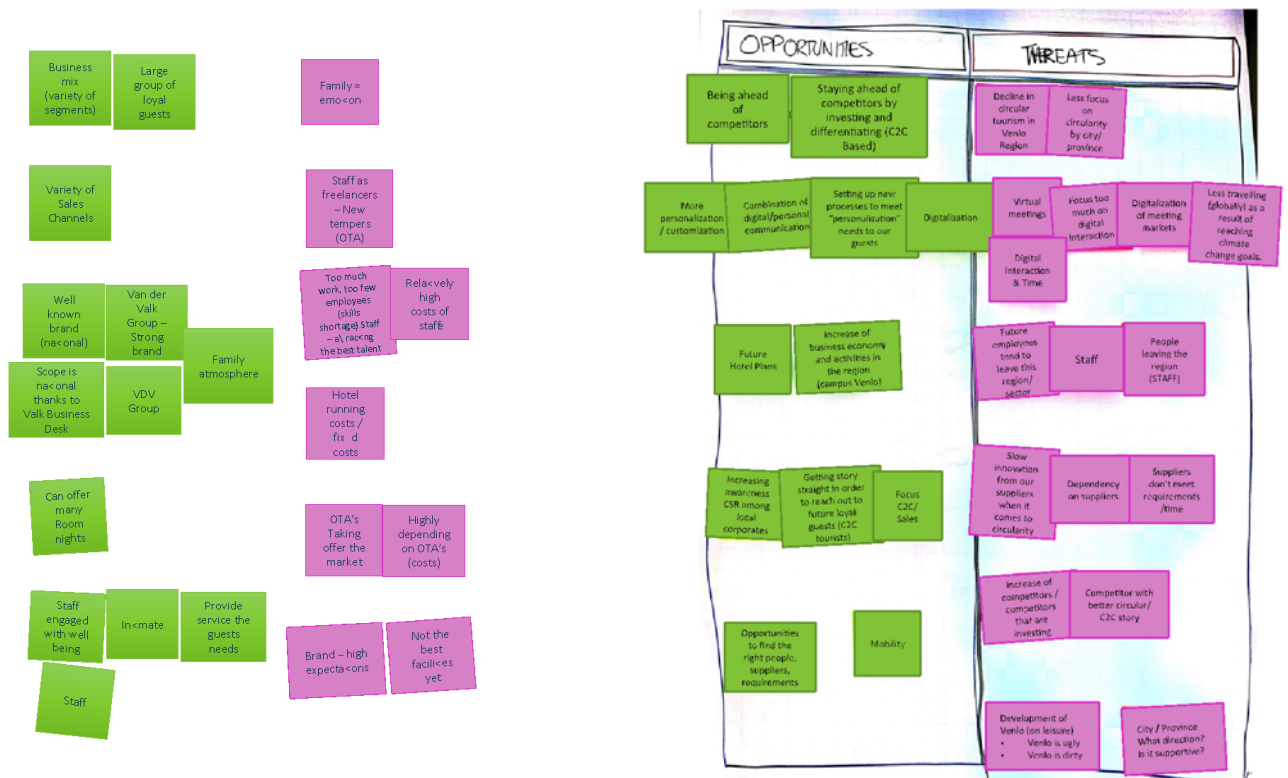
Source: R2π Project⁴

The discussions in the workshop led participants to identify the SWOT of the current Van der Valk Hotel Venlo model. This exercise was also done in first individually and thereafter discussed as a group, with each one identifying various factors and then prioritising them into the top three for each part of the SWOT. The results help to provide a common understanding of the factors important to the current

⁴ <http://www.r2piproject.eu/wp-content/uploads/2019/08/7.-SWOT-ANALYSIS.pdf>

business model and context, as well as directly pointing to potential for improvements for the innovation stage and the future state business models. An example is shown in the following figure.

FIGURE 11: EXAMPLE OF WORKSHOP SWOT DISCUSSION



Source: Van der Valk Hotel Venlo and R2π Workshop.

As a result, the top 2 strengths are: Large group of loyal guests and family atmosphere. The top 2 most important weaknesses are relatively high costs of staff and not the best facilities yet. Top opportunities is being ahead of competitors and getting the story straight in order to reach out to future loyal guests (C2C Tourists). The top 2 threats are too much focus on digital interaction and staff.

Now that a clear and common understanding of the current state has been reached, the focus can move towards the future and where the company envisions it potential.

2.2.3 Circular Vision

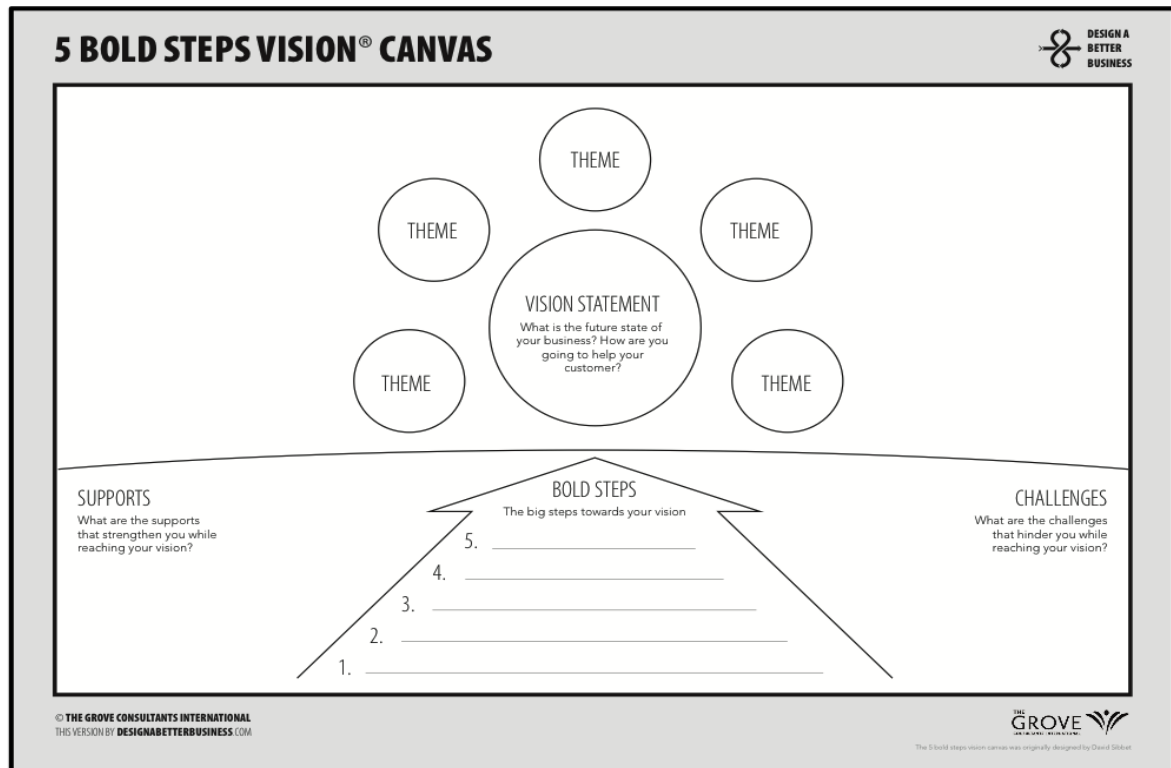
As important as it is to know where to start from, it is even more important to know where to go. Therefore, the establishment of a circular vision helps the organisation create a clear direction of travel (also integrated with the core principles of a circular economy). A clear vision brings focus and provides an anchor point for making bold strategic choices and drives the search for new circular business models. A clear and compelling circular vision provides direction for the business model and strategic decision making. At this point, the vision canvas can be used to discuss which innovations can take place and which options are suitable for an immediate testing phase.

In some cases, the vision may be derived from corporate strategy and the existing company vision, or in others, it can be an opportunity to begin a new discussion around the future direction. In the case of Van der Valk Hotel Venlo, it is a personal willingness on management level based on the inspiration of city of Venlo's ambitions on Cradle to Cradle®. Therefore, the team had already moved towards the idea of a "near star" or shorter-term goal as opposed to a "north star" or longer-term goal, as well as the



direction to be known as the best hotel in the Van der Valk Group and the Euregion by continuously improving fast, based on the Cradle to Cradle® and Circular principles. The near-star vision is “by the end of 2020 Van der Valk Hotel Venlo has attained 4***+ through building a new Venlo Hotel with Cradle to Cradle® and circular elements as a launchpad for continuous improving”, which set a strong challenge for the team to innovate ideas with immediate potential.

FIGURE 12: 5 BOLD STEPS VISION CANVAS



Source: Design a Better Business adaptation⁵ of original by David Sibbet, of the Grove International.

The vision canvas can be used to discuss what themes are important to the success of the vision as well as supports and challenges (enablers and barriers) that are on the horizon. It will be revisited again later in the process when discussing actions and creating bold steps to achieve the vision.

2.3 Innovate

The main focus during this stage should be on designing several feasible options for value creation and new business models. There is the need to review these against design criteria and chose only one option that will be carried all the way through the stages. At a later stage, it is possible to return to these options if it becomes impossible to operationalise (failure to validate) the first business model option and thus, the other options would be tested in turn. This is one of the reasons it is important to establish 3-5 different value propositions and business models. It will be necessary to pivot between these two stages until a good business model fit (successful validation) is found. There are several tools to develop new models and review the options.

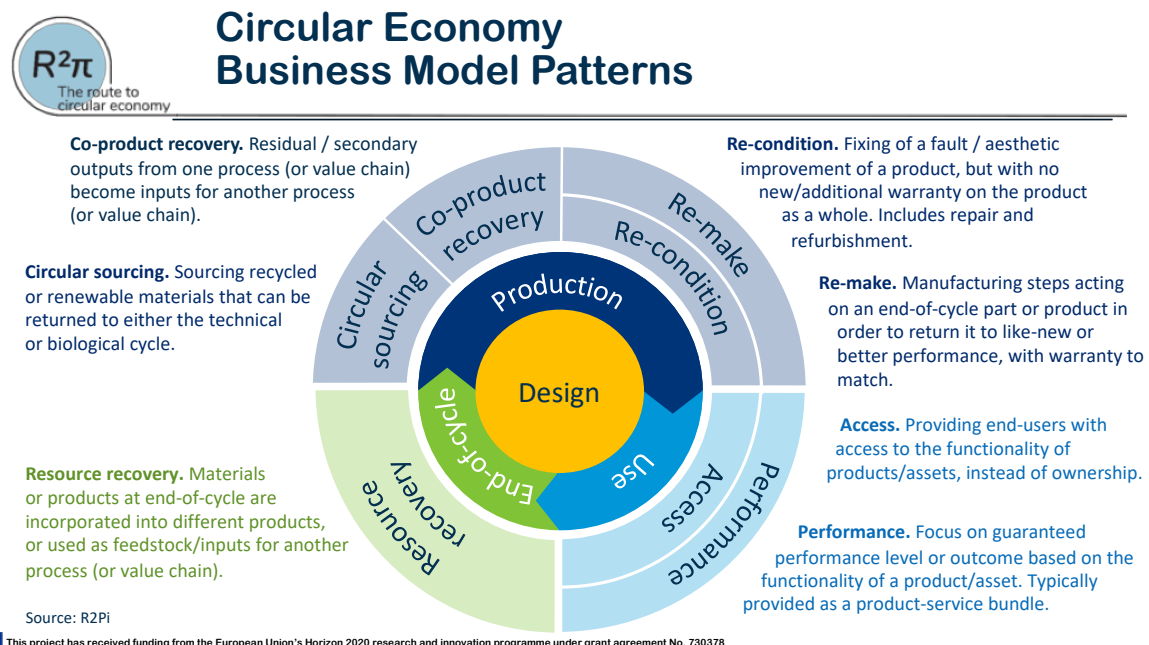
⁵ <https://designabetterbusiness.tools/tools/5-bold-steps-canvas>

The design criteria captured will likely first come from the vision formulated in the team. Some of the elements in that vision are so important that they are non-negotiable. Other important criteria for designing the new business model will also come from the SWOT analysis previously discussed, and some elements will be more important than other. These could be considered in a more formalised method such as categorising each criterion under “must,” “should,” “could,” or “won’t” to help prioritise them. In this case, there was not a separate discussion and formalised prioritisation on the design criteria, but rather some key elements were considered when innovating the new circular business model ideas. Results at this stage help to understand the potential circular business models and inspiration for new value propositions and the improved future state.

Inspiration

Generally, the multidisciplinary team at Van der Valk Hotel Venlo was familiar with circular economy and its concepts, and therefore, no major explanations or training elements were necessary to prepare them for innovating in the direction of circularity. So, at this point, there was only a short input from the R2π team to provide some inspiring examples from other companies with circular business models based on the various patterns (as shown in the Figure below).

FIGURE 13: CIRCULAR ECONOMY BUSINESS MODEL PATTERNS



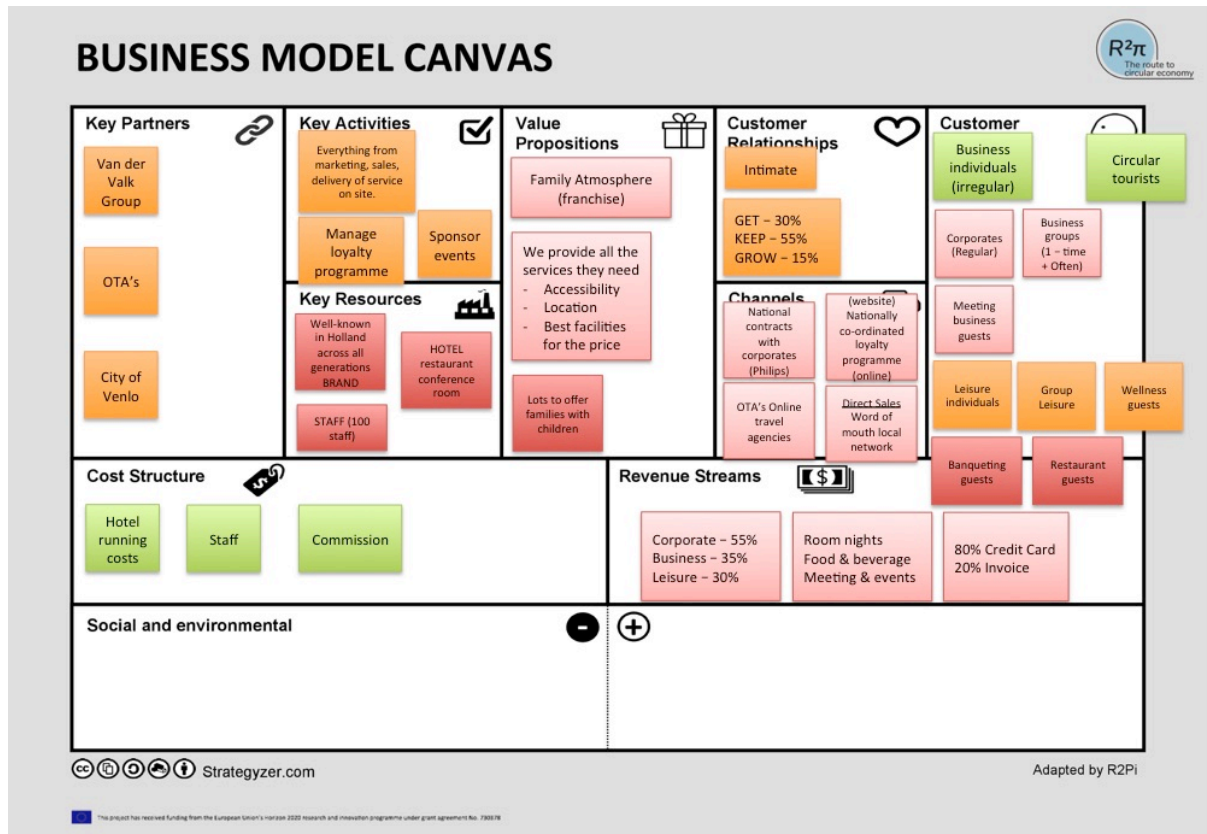
Source: R2π Project⁶

2.3.1 Create new value propositions

After having discussed customer needs and ideas for meeting these in new and different ways, the participants continued working with the business model canvas and completing the other blocks. The different participants created different business model options to explore and developed ways to ensure the sustainability and circularity of the new models. The figure below shows an example from one of the group discussions.

⁶ <http://www.r2piproject.eu/wp-content/uploads/2019/08/10.-CEBM-Patterns.pdf>

FIGURE 14: EXAMPLE OF WORKSHOP CIRCULAR BUSINESS MODELS DISCUSSION



Source: Van der Valk Hotel Venlo and R2π Workshop.

The process worked well as did the use of the canvas as a tool to guide discussions and keep the focus on relevant areas. Participants provided positive feedback and were even surprised at their own abilities to generate not just new ideas but entire business model concepts. They mentioned how suitable the canvas was to fostering dialogue as well as how valuable it will be to them when it comes time to explain to the decision makers their ideas and to seek approval for further work. Above is an example of a circular business model concept compiled from the workshop outputs.

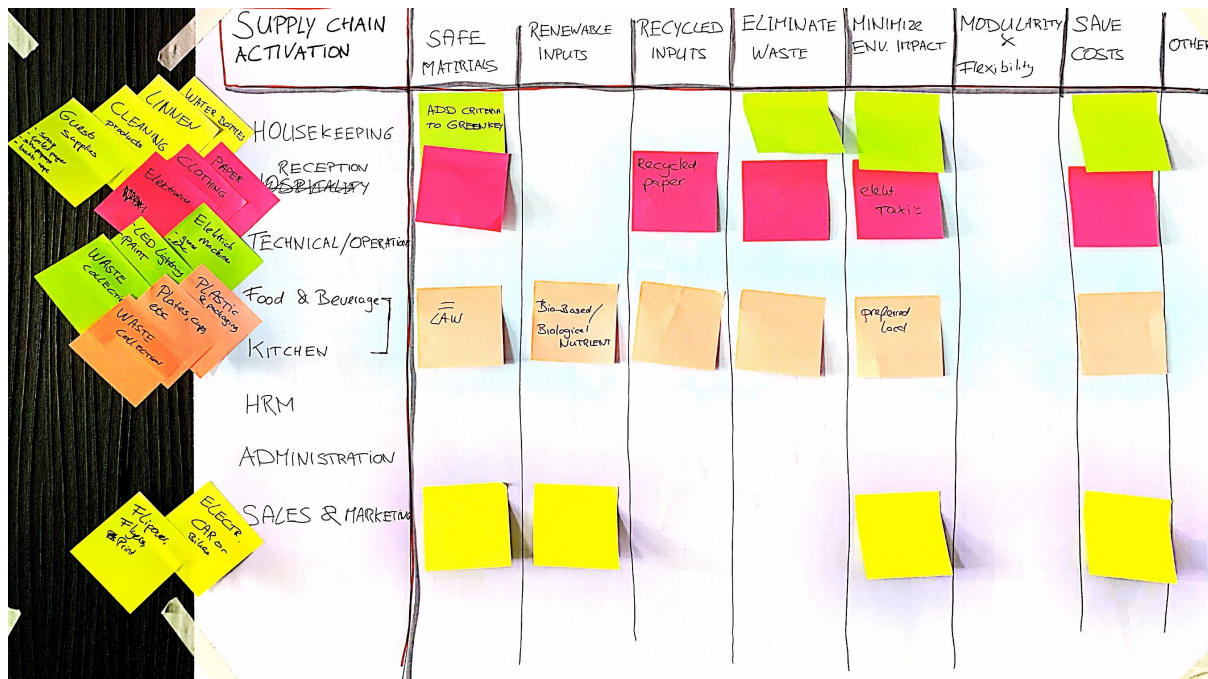
2.3.2 Supply chain activation

Given the current needs of Van der Valk Hotel Venlo, it was decided to focus on the supply chain activation. It was explained how asking the right circular questions in purchasing processes can be an important lever to a circular transition of the business model. The supply chain can be challenges at circular goals and strategies, such as promotion of the use of safe materials only; decrease of virgin non (rapidly) renewable inputs; maximize recycled inputs; eliminate waste at end-of-use; minimize negative environmental impacts during production; promote modularity and flexibility; save costs. It was noted how these characteristics can be objectively compared from different suppliers, by sending out clear sets of indicators and tools.

It was concluded criteria should be established of what Green Key is today and see what is the fit with what Hotel Venlo is purchasing and how this can be circular. For example, Hotel Venlo uses approximately 100,000 plastic bottles per year. Hotel Venlo is a big, local buyer that might attract lots of interest from the supply chain.

During the workshop the participants appointed circular opportunities for housekeeping, hospitality, technical/operations, kitchen and food and beverage. Construction and interior was out of scope for the workshop meeting, while Van der Valk is already working on these two disciplines.

FIGURE 15: EXAMPLE OF WORKSHOP SUPPLY CHAIN ACTIVATION



Source: Van der Valk Hotel Venlo and R2π Workshop.

2.4 Validate

Thus far, all of the innovations of the circular business model ideas have come in the form of assumptions or hypotheses. Now, it is necessary to begin testing and validating these as efficiently and effectively as possible in order to verify the viability of the business model. Only by testing these hypotheses and validating or invalidating them, can there be progress towards an implementable model. The aim of early innovation is to maximise the learning per amount of time and money spent. It is important to find the right starting points for testing, and therefore, identifying the assumptions is key.

2.4.1 Generate Assumptions

Before starting to test and prioritise the core hypothesis, it is vital to generate key assumptions about the new business models. The Live Matrix is used to categorise these assumptions and identify the most important ones for further investigation. It is helpful to decide whether assumptions are based on: reliable fact, educated views, or wild guesses, as well as to decide whether the result of these assumptions being true or false would have a severe, moderate or minor effect on the success of the business model. The matrix helps to quickly categorise the assumptions and then to help identify key next steps towards validating or invalidating the model. The most significant assumptions must be investigated or tested in order, in the best case, to verify the viability of the model, or to point to improvements that can be made, or, in the worst case, to invalidate the model completely and force the team to explore another business model option.

In the workshop, the participants identified several critical assumptions for the circular business model ideas (see the figure below for an example). It became immediately clear that further investigations

must be done in order to test whether their ideas were valid or not. Some of the assumptions were technical in nature and raised questions that would require conducting research. The discussion moved quickly towards what that would mean in their internal processes: how can Van der Valk Hotel Venlo differentiate on circularity and C2C®; be ready to future innovations; growing number of guests that have circular needs among others.

FIGURE 16: EXAMPLE OF WORKSHOP ASSUMPTIONS DISCUSSION

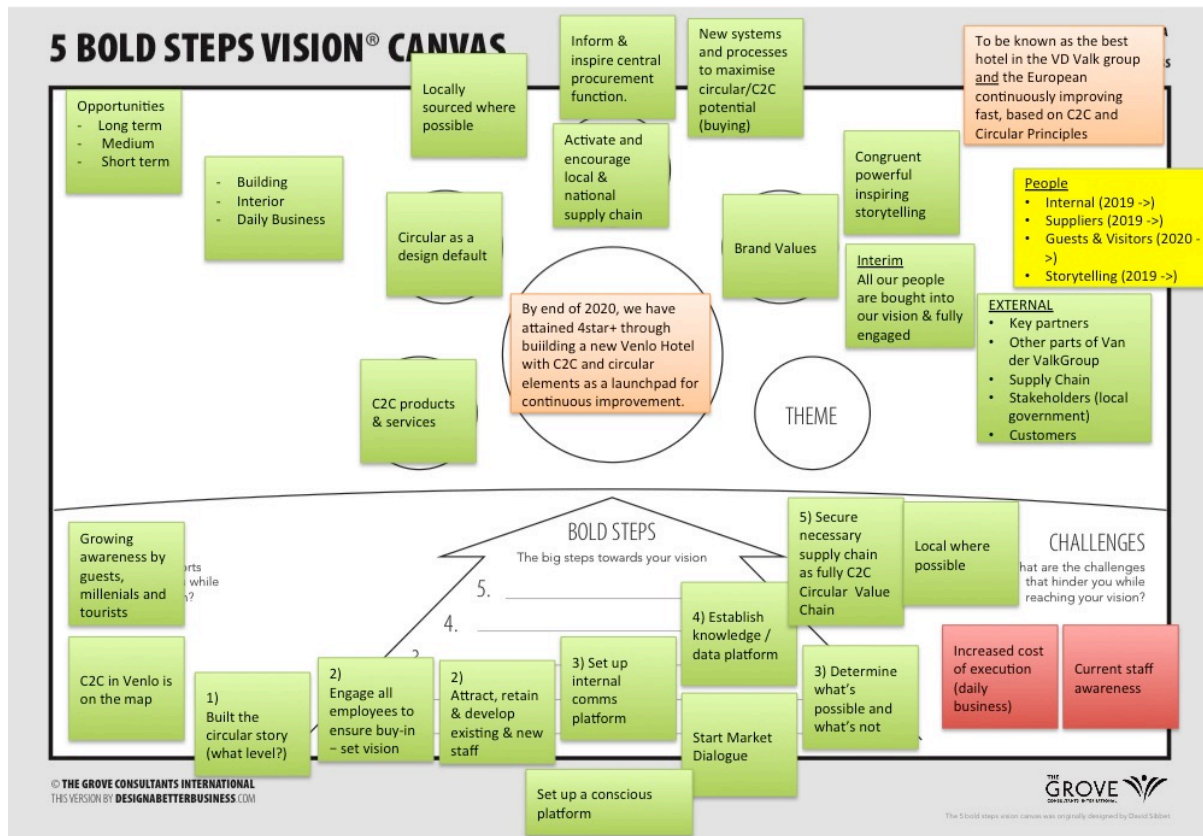


Source: Van der Valk Hotel Venlo and R2π Workshop.

2.5 Deliver

In order to begin the planning of next steps and to start creating a roadmap, the vision canvas that was previously created was revisited and the discussion then revolved around defining some key bold steps to help reach that vision with the circular business model. The main vision defined in the workshop was to have a 4-Star+ hotel through building a new Venlo hotel with C2C® and circular elements as launchpad for continuous improving. An example is shown in the figure below.

FIGURE 17: EXAMPLE OF WORKSHOP BOLD STEPS DISCUSSION



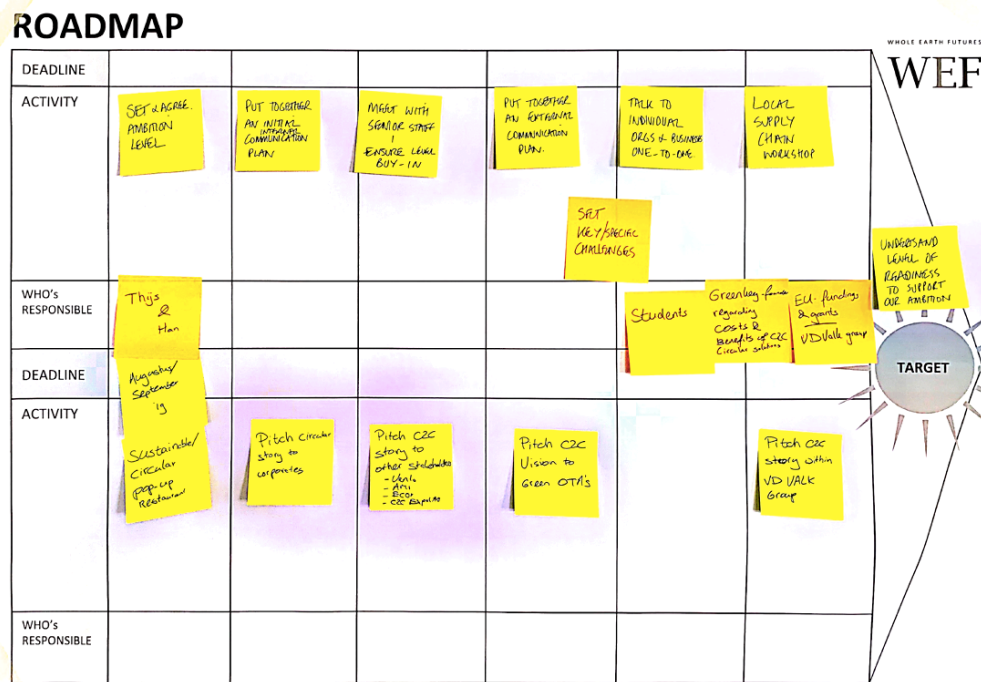
Source: Van der Valk Hotel Venlo and R2π Workshop.

Here, it is important that participants think broadly and boldly about what must be done to achieve the vision, yet also, that they define steps concretely enough that they can be operationalised. Some examples of operational bold steps might be: built the circular story, engage all employees, attract retain & develop existing & new staff, set up internal communication platforms, establish knowledge data-platforms, start market dialogues, secure necessary supply chain as fully C2C® / circular value network and work local where possible.

2.5.1 Roadmap Implementation

The roadmap provides a simple layout to set out activities, responsibilities and deadlines over a period of months to detail the bold steps and help reach the circular vision. It can, for example, include all of the detailed actions needed to reach the first bold step. Or, it may include multiple sets of actions for different teams to work towards multiple bold steps simultaneously. The outputs of this tool are clear tasks and deadlines allocated to the right team members. During the workshop, participants provided input to develop roadmaps for their business models. An example is shown in the figure below.

FIGURE 18: EXAMPLE OF WORKSHOP ROADMAP DISCUSSION



Source: Van der Valk Hotel Venlo and R2π Workshop.

2.6 Evaluate

The evaluation stage is about assessing the readiness of the newly created circular business model as well as the readiness of the organisation to begin implementation. Before substantial time and money are invested, it should be verified that the critical assumptions have been tested, the key steps are well planned and the right people are on board. There are tools available to support this, such as the Transition Readiness Self-Assessment of Circular Business Model Innovation Toolkit (R2π Deliverable 5.1.). The tool is not presented here, since the Van der Valk Hotel Venlo case has not yet reached this stage. The following final chapter will present conclusions and recommendations.



Source: Van der Valk Hotel Venlo and R2π Workshop.



3. Conclusion and Recommendations

The R2π facilitation of the process came to an end, but the circular business model innovation journey of Van der Valk Hotel Venlo was just beginning. During this innovation process, facilitated design thinking methods and tools were used to identify opportunities for Van der Valk to innovate circular business models that increase business value while simultaneously reducing – or completely eliminate - negative impacts on the environment. Throughout the innovation journey, business opportunities were identified and explored, seeking to develop action plans that can take these ideas into practical activities and products for the company to become more circular.

At the end of 2020, the new hotel will be finished, as an important stepping stone for further circular movements. Due to current needs, it was decided to not go through all stages and tools. The feedback the R2π team received from Van der Valk Hotel was very positive and this process and support was said to be highly valuable for re-imagining the future of the business and operations, and for defining concrete actions. Moreover, these outcomes may potentially become the next level of transition to circular economy as a whole for the organisation. Due to current planning and the hotel being partly closed because of construction activities, it is expected that the daily operations will get a stronger focus over the next period. Specifically, the development of an (interim) communication plan, including a set of agreed ambitions is necessary. From there on, internal and external stakeholders will be involved; for example, by market dialogues and supply chain activations. The decision was made to focus for now on the embedding of Cradle to Cradle® certified and/or circular materials.

During this innovation process, facilitated design thinking methods and tools were used to identify opportunities on how Van der Valk Hotel Venlo can innovate circular business models that increase business value while simultaneously reducing – preferably eliminate - negative impacts on the environment. Throughout the innovation journey, business opportunities were identified and explored, seeking to develop action plans that can take these ideas into practical activities and products for the company to become more circular.

Many factors can be important to starting and continuing such a circular business model innovation journey and ensuring success. Some of the key barriers were:

- Increased costs of execution (daily business);
- Current staff awareness;
- Supply chain readiness;
- Attracting and keeping quality and motivated staff.

Conversely, some of the key enablers were:

- Venlo is on the map;
- Global/local trend – millennials are purposefully fighting climate change;
- Strong C2C minded region;
- Existing network of C2C® supporters;
- Conscious circular tourists of tomorrow.

More generally, from this case and others in Work Package 5, it seems that the facilitated circular business model innovation process and tools can be valuable, replicable and transferable to other companies and other industries. It is important to note that the generic process and tools are not always



suited to the specific needs and constraints of the company and the current context, however, by being flexible, collaborative and innovative, a co-created, customised process and toolset can be derived and can support the transition to the next stage of development. Furthermore, there has been strong feedback from the collaborators in these cases and in various stakeholder dialogues that the facilitation by outside experts is highly valued and that a process and toolkit alone are not enough to help them accelerate the transition to circular business models.

3.1 Reflections on barriers and enablers to the innovation journey

Several factors are important to initiating and sustaining a circular business model innovation journey, and achieving positive outcomes. It is useful to examine some of the key factors (which can be barriers and/or enablers) relevant to Van der Valk's case, as these inform recommendations to the company as well as to policy makers which we outline below.

Regional ambition. The Venlo region is known as circular hotspot and is considered as important for new developments. Firstly, because of growing attention in 'green' tourism. Second, the need and/or will to contribute of a business to the regional circular ambitions.

Cross-sectoral collaboration. Van der Valk Hotel Venlo already works with a network of suppliers and also do a market consultation to (new) suppliers that can contribute to their sustainable goals. This requires collaboration and steering on circularity.

Investing time and resources. Taking time out of busy schedules is a significant challenge for company staff and managers. Nevertheless, the Van der Valk Hotel Venlo team demonstrated a strong willingness to invest staff time and prioritise the effort required. This level of commitment is very much required to generate tangible outcomes and initial momentum. However, to maintain this, an ongoing structured programme of effort as well as buy-in and commitment from senior staff is required to provide colleagues with the time to continue investing in the initiative.

Clarity of ambition. To create action, it is important that culture and intentions are translated into a clear ambition. Van der Valk's ambition to achieve circularity served as a focal point around which teams could engage and generate ideas.

Expertise in circular economy. Circular economy principles provide a lens by which companies can look at their business model in new ways. This requires people to have a grasp of key concepts, as well as to understand how they can be applied. A combination of basic theory as well as real life case studies and applications are very useful reference points to help bring teams up to speed and generate new ideas for the business. Access to this expertise can be a key challenge and barrier for companies undertaking a circular business model innovation journey. The R2π team provided this content as part of the facilitation process, for example during the initial presentation of circular business model concepts as well as reference examples to support new business model idea generation.

Experience in business model innovation processes and tools. Business model innovation is not a process which company staff usually have experience in executing. It combines expertise in facilitation, business acumen, and change leadership. It is therefore beneficial for companies to either train staff in tools and techniques (and enable them to maintain skills by regularly applying them), or to seek external expertise. The latter is often a logical choice when initiating an innovation process when staff do not have the experience. A skilled external facilitator, working closely with project sponsors to co-design the process can enable a powerful start to the journey. Over time, staff can skill-up on the concepts and in-house facilitation expertise can be developed. Van der Valk benefited from the R2π team bringing this



skillset and experience to the process and recognised the positive impact it had. While large organisations have the resources to buy external support, this can be a significant barrier for smaller companies who cannot afford to hire this expertise. Nevertheless, the Circular Business Model Innovation Toolkit (Deliverable 5.1) and Circular Economy Transition Guidelines (Deliverable 7.2) provide a degree of 'self help' for all types of organisations.

3.2 Recommendations to Van der Valk Hotel Venlo

Our recommendation to Van der Valk Hotel Venlo is to continue with the innovation process, especially collaborating with their motivated team, to fill in the knowledge gaps, test the assumptions, pilot the circular business model and iterate improvements based on these lessons learned until they are able to go to market with a viable circular business model.

Firstly, by making sure that C2C[®] ambitions are properly embedded in both the construction of the new hotel as well as the interior concept. These two can provide important input for the story that can be told. Subsequently, Van der Valk Hotel Venlo can work out a communication plan and set the right ambition level for their daily business activities. A pragmatic step-by-step approach may help to work towards the end goal. Afterwards, the hotel can serve as strong inspiration for the wider Van der Valk Group. They can continue to make use of the Circular Business Model Innovation Toolkit (R2π Deliverable 5.1.) to support these next steps. The tools and methods used by Van der Valk, and the broader tools described in the Circular Business Model Innovation Toolkit (R2π Deliverable 5.1.), can also be used to enable this system-level change.

The same factors and issues described above under barriers and enablers will also occur when involving multiple parties. For example, a multi-organisation/stakeholder programme will require:

- Developing a common vision;
- Senior support from within partner organisations; and
- Sustained commitment and investment to a joint effort.

Van der Valk will therefore need to invest in a preparatory phase to engage and align vision and commitment with willing partners. External facilitation may also be desirable to support this process if it provides skills and resources that are not immediately available within the organisation.

3.3 Recommendations to Policymakers

These recommendations represent the independent opinions of the R2π team and not necessarily the views of the case companies involved. This case study illustrates the initial stages of a business model innovation process undertaken by a company. As discussed above, a number of internal factors can act as enablers or barriers to this process. Externally, companies need to engage with partners within their value chain for a system-level change to be achieved.

With respect to internal factors, the ability to draw on external expertise and facilitation is a key enabler. This case study demonstrates that facilitation of the circular business model innovation process is highly valuable for an organisation. Furthermore, there has been strong feedback from collaborators across case studies and in various stakeholder dialogues that facilitation by outside experts is highly valued and that a process and toolkit alone are not enough to help them accelerate the transition to circular business models. If this is valued by a large corporate, it would be even more so by smaller and less well-resourced organisations who are not be able to effectively find or afford external expertise. A policy-level

action should therefore explore how companies, especially small and medium-sized enterprises (SME), can be supported through a form of subsidised business services. Some programmes already exist, such as the European Regional Development Fund⁷ Circular Business Model Business Service programme provided by Zero Waste Scotland⁸. These types of programmes have the benefit of both stimulating the supply of expertise in the market, as well as providing an affordable or free resource for companies looking to explore circular economy business models.

From an external perspective, policy action should look at reducing barriers to collaboration between parties within industries or value chains. For example, anecdotal feedback across case studies highlights real or perceived barriers to collaboration due to competition policy. Providing clarity to business and aligning competition policy to the needs for collaboration at a business model level is something to be considered. Examples exist within industries of pre-competitive collaboration in areas of technical innovation that benefit all players. For example, developing a breakthrough new material that is more recyclable. However, business model innovation requires companies to examine areas that can touch on market influence and access, sometimes requiring close collaboration and open dialogue regarding common business objectives and value sharing. Governments and EU-level policy should therefore look at how to enable this in positive ways.

⁷ https://ec.europa.eu/regional_policy/en/funding/erdf/

⁸ <https://www.zerowastescotland.org.uk>

