

Teacher guide on assessment – The Circular Phone

The case is a simplified example of how a company might aim to create impact. The case represents an article students could read about any organization online or in the news, from which often much information can be taken about their theory of change. This in-class exercise helps students collaboratively work out a theory of change, helping them in their group assignment.

The text below is a copy of the description, with color-coded areas representing the main elements of the ToC framework. This is a suggestion. Teachers and students might disagree on whether something is an output, outcome or intended impact. This dialogue is an important part of the learning experience, in which we try to get students to think and reflect critically without providing a clear normative framework on “right” and “wrong” answers.

Color-codes:

Input

Activity

Output

Outcomes

Intended impact

Case description:

One of the main problems in the current smartphone industry is *planned obsolescence*. Planned obsolescence refers to the production of goods with short useful lives so that customers will have to make repeat purchases (Bulow, 1986). These repeat purchases, and the consumerism it fuels, are a persisting barrier in today's challenge to make our economies more sustainable. However, there are

DISCLAIMER: This case is written by Impact Centre Erasmus. The case is based on a true example, but important parts have been changed to match the purpose of the assignment. The case does not represent the viewpoint of Impact Centre Erasmus and can only be used for educational purposes related to Conscious Business Education or with explicit consent of Impact Centre Erasmus.

enterprises who are thinking about and working on possible solutions. The social enterprise **The Circular Phone aims to create a more sustainable technology industry** by introducing a phone through a circular business model that offers the possibility to replace parts of the phone.

The phone industry is a hard industry to enter as a newcomer, with high entry costs and large, powerful players. With technologies playing an evergrowing part of our daily lives, it is of the utmost importance sustainable newcomers are able to enter the market to **provide customers with more sustainable options and challenge the incumbent players on their unsustainable practices**. The Circular Phone is one of the newcomers who successfully entered the market. Over the past year, it **sold just over 100,000 circular phones**, and sold **a similar number of modules** as part of the phone when it required replacement.

For The Circular Phone to succeed in wanting to produce a phone in a circular sustainable and just manner, they placed a lot of effort on **finding, selecting, and collaborating with the right stakeholders**. **Assembling the phones in a fair and just manner is a main part for the company**. In this industry, not only is **human capital need in the form of labor in the assembly of the phone**, but also through **knowledge and expertise about circular technology**. In doing so, it relies on **natural resources**, that the company tries to source from suppliers who mine in a fairtrade way. The Circular Phone needs to rely on suppliers to be honest and transparent about their practices as well as make an additional investment to visit and check if their put their money where their mouths are. All while optimizing its

business model to assure financial stability and grow their business. Monitoring the supply chain takes a large part of the labor force of The Circular Phone to ensure the right choices with regards to social requirements and quality when interacting with suppliers and manufacturers of the different parts of the phone.

Carrying out technological research is one of the main drivers behind the success of The Circular Phone, who after just 8 years is now available in most countries of Western Europe. The research increases the knowledge and insight on circularity within the company. By applying circular principles such as reusage and refurbishing (McArthur, 2013), the company continuously generates innovative ideas on how to increase the longevity of the product. An example of this is the take-back program, where customers can send in their old phone and phone parts for compensation when no longer used or deemed necessary. These old phones and phone parts are thoroughly examined by the company to understand why and how quality deteriorates over time. Last year, the number of phones received through this program has increased with nearly 50%. Thus, these ideas are translated into practice, which has led to the increase in the longevity of the product to be up to 8 years, compared to an average 2,5 years for the smartphone industry (Laricchia, 2023).

Through all this, the company's goal is to decrease the number of phones and separate modules being bought. The companies hope to reduce the CO₂ emission by a minimum of 30%, moving towards 75% by 2030. In turn, The Circular Phone eventually aims to contribute to a more sustainable technology

sector by requiring fewer natural resources, reducing e-waste and also reducing all greenhouse gas emissions in the production process.

However, the Circular Phone does not only aim to make a difference through the production process of the phone. Also on the consumer side, the company tries to increase awareness through lectures and workshops. The past year, the lectures and follow-up workshops were held once a month, reaching nearly 1,500 individuals. The company's line of reasoning behind the educational sessions that provide knowledge on the topic of circularity is that it should lead to more consumer awareness, and consequently, different purchasing decisions. This should also contribute to a decrease in separate phones and modules being bought, a goal that can be audacious and even counterintuitive those who find themselves in the planned obsolescence realm. In addition, the company is on the look-out for new markets to enter. Maybe we can expect circular headphones or laptops soon...?

Sources

Bulow, J. (1986). An economic theory of planned obsolescence. *The Quarterly Journal of Economics*, 101(4), 729-749.

Laricchia, F. (2023). Replacement cycle length of smartphones in the United States 2013-2027 in years. Statista.

MacArthur, E. (2013). Towards the circular economy. *Journal of Industrial Ecology*, 2(1), 23-44.