Fashion for Change

REPORT

# Supporting Sustainable Fashion Designers, Start-Ups and SMEs in the Circular Economy

## An Analysis of Challenges, Needs and Existing Solutions

November 2021

Co-funded by the COSME programme of the European Union

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# 1. Executive Summary

In a globalised fashion sector that is locked-in to linear production and consumption patterns, companies that venture to adopt more sustainable, let alone circular, business models are confronted with the same systemic challenges. For many of them, starting up, growing or transforming into a fashion business with circularity at its core becomes an uphill battle in a highly competitive market that still favours fast returns over sustainability.

This report does not elaborate on the magnitude of negative impacts a linear "take-make-waste" fashion industry experts on our planet and future quality of life, as this has been done elsewhere. It rather investigates the main barriers for sustainable start-ups, designers and SMEs – the economic driving power and key players in a future circular fashion economy – and the appropriate solutions to overcome them. Insights from our empirical analysis, desktop research and the "Fashion For Change" mapping exercise confirm a wealth of existing and diverse solutions, tools and initiatives, most of them online and scattered across hundreds of platforms, networks, and individual websites. The main challenge for circularity-driven newcomers, scale-ups and SMEs is to find the resource that meets their specific needs for practical information and support.

Filtering on solutions recommended by stakeholders in terms of their perceived reputation and usefulness, we found that the nine resources short-listed are all designed for capacity-building and networking. This supports the proposition that start-ups and designers need practical support with capacity building especially by drawing on expertise and support from local communities and online networks through both virtual and personal interaction.

Firstly, the report therefore recommends a hybrid community model that interconnects physical local competence centres with digital platforms and online networks to provide access to relevant information, contacts and online tools along with specific training, coaching and funding programmes. By leveraging the infrastructure of existing "Circular Hubs" or Circular Acceleration Houses and connecting them with an online portal up and down the entire value chain, circular fashion designers, start-ups and SMEs would get access to the resources and support mechanisms they need to stand their ground in the fashion market.

Secondly, as most barriers they face are systemic, we realise that this approach would need to be supported by effective policy instruments in order for it to work for this particular group, and for the mainstreaming of circular business models in the European fashion market in the long term.

# 2. Introduction

## 2.1. The Fashion for Change Project

Transitioning the fashion industry towards a circular economy requires a systemic change. The transformation is based on making sustainable products, services and business models the norm and transforming consumption patterns to avoid waste in the first place [1]. The Ellen MacArthur Foundation describes a sustainable, circular textiles system as one "… that is restorative and regenerative by design and provides benefits for business, society and the environment. A system in which clothes, fabric and fibres are kept at their highest value during use, and re-enter the economy after use, never ending up as waste" [7].

To achieve real impact beyond mere optimisation of the status-quo, circular business models need to scale and achieve significant market penetration [18]. The 19 million small and medium sized enterprises (SMEs) in the EU are widely recognised as the backbone of our economy and key to this transition process. Given their economic and environmental importance and their potential to bring radical, disruptive and highly necessary innovations to the market, they are vital players in the transition to a new economy that is low-carbon, circular, sustainable and inclusive [2]. However, SMEs are also a diverse group. While about 3% of front-runners are fully dedicated to sustainability, 21% of SMEs are pro-active or fast followers. A majority of 76% are reactive and lag behind with implementing sustainable models [2]. At the same time, they all share the same systemic barriers and challenges when establishing, maintaining, and scaling up a sustainable business in their respective markets. They are obliged to work within existing systems and even if disruptive, they rarely have the power to change the systems within which they operate.

The Fashion for Change project aims to help SMEs, designers and start-ups from the fashion industry to succeed with their circular businesses ventures. The consortium consists of five partners from Estonia, Lithuania and Belgium including Civitta Eesti AS, the Estonian Academy of Arts, the European Sustainable Business Federation (Ecopreneur.eu), Katalista Ventures and the Singleton Group. This elect group combines expertise in sustainable design and fashion, SMEs and start-up support, innovation management, the circular economy, and related EU policies and advocacy *(see section 6)*.

The project consists of the following activities and phases:

1. Establishing a virtual Knowledge Hub
2. Developing a methodology for a "Fashion For Change Growth Programme"
3. Execution of the Growth Programme

The overall aim of Fashion for Change is to guide entrepreneurs of the European fashion industry towards a sustainable and circular business model, bringing together SMEs, designers, start-ups and experts of circular economy and sustainable business. The action is supported by the Knowledge Hub, a virtual platform providing access to specific information and resources related to the sustainable fashion industry.

Fashion for Change will build capacity of the stakeholders through a hands-on support scheme in the format of an accelerator and growth programme for innovative fashion designers, start-ups and SMEs. For this “Fashion For Change Growth Programme”, 25 transnational partnerships from at least two EU or other COSME countries will be selected via an initial *“Fashion Sprint Hackathon”.* Five of these partnerships will receive practical support with their circular ventures in terms of capacity building, access to networks, personal training and financial support. These final candidates will be promoted to a wider audience to create awareness about their innovative venture and to promote the viability of circular fashion among consumers and key decision-makers from the fashion industry.

By sharing all insights and best practices on a virtual Knowledge Hub for free, Fashion For Change aims to extend the positive impact of the project to a wider community, going beyond the 36 months of its duration. In addition, Fashion For Change will publish a final report with policy recommendations about how to remove the systemic barriers to a circular, inclusive and carbon neutral fashion industry.

## 2.2. Objectives of Work Package 1

Work Package (WP) 1 aims at establishing a knowledge hub of SMEs, designers and start-ups to facilitate the transfer of knowledge and best practice, the cooperation among stakeholders across country borders. To this end, the Fashion For Change project starts out with a mapping of the key players of the European fashion industry, followed by a pooling exercise to identify and match the most important obstacles and needs with available solutions and proven support mechanisms.

Mapping results and insights from the pooling will be used for the online Knowledge Hub and the development of a methodology as part of the Fashion For Change Growth Programme. The Hub will be designed to serve both as an information source and a facilitator for collaboration and knowledge sharing between partners in the fashion industry.

## 2.3. The Purpose of this Report

The purpose of this report is to provide a better understanding of the key challenges and needs that fashion designers, start-ups and SMEs encounter at different stages of developing or transforming their sustainable fashion business. As the focus of our research lies on start-ups and SMEs from the fashion industry pursuing a circular business model, the conclusions and recommendations of this report primarily account for this specific stakeholder group.

Start-ups are characterised by a higher level of risk-taking and innovation than SMEs and are usually younger than 10 years, but most enterprises listed are innovative and many start-ups are run by designers [12]. The OECD distinguishes between young businesses (0-5 years old) and mature firms (6+ years old). Start-ups are a subset of young businesses in their first three years of operation. In practice, the distinction between start-ups and established companies is not always that sharp. What characterizes circular start-ups is a business model that aims to maximise value retention and resource efficiency, for example through reducing, reusing, recycling, recovering and/or regenerating required resources [5] while valuing social and societal aspects.

The basis of this analysis is the results of a mapping exercise bringing together more than a hundred relevant industry players and their respective solutions, such as networks, best practices, tools, guidelines, certifications, training, and events [12].[1] Part of the pooling exercise is to qualify these solutions by level of utilisation and recommendation by selected industry players and to match them with the most significant obstacles, challenges and needs encountered by circularity-driven fashion designers, start-ups and SMEs. Findings from this report will be made available on the Knowledge Hub and be integrated in the methodology for the Fashion For Change Growth Programme (WP 2) and the policy recommendations of WP 4.

## 2.4. Methodology

In order to identify the key obstacles, needs, best practices and initiatives, and to validate them against our own existing knowledge, we chose to perform some empirical research by means of an online survey *[Annexe 1]* complemented by personal interviews with a selected group of industry representatives and experts *[Annexe 2].* Both the survey and interviews were performed under strict GDPR rules which is why all answers and comments are being kept anonymous throughout this report.

Whilst the quality and number of responses represent an adequate sample for our research, main conclusions and recommendations, the detailed results and scores are mere indicators and do not claim to be comprehensive or conclusive. Insights were substantiated by desktop research, drawing on recent studies by third parties as well as own studies like the Ecopreneur.eu Circular Fashion Report [4], for example.

### 2.4.1 Online Survey

The online survey was geared towards a wider audience of stakeholders from the European textile and fashion industry. Built with the Google Docs web application, the survey was available online for a period of 12 weeks, from April until July 2021. The survey consisted of

[1] Footnote: Fashion For Change Sustainable stakeholder mapping as part of deliverable D1.2 : Final map of the sustainable fashion actors and initiatives

closed-ended questions in the format of multiple choice, checkboxes, and rating options along with an option for respondents to leave comments in open text fields. It was disseminated and actively promoted through the consortium's own communication channels, including the Ecopreneur.eu website, newsletter, social media sites, email, and online events, the Fashion For Change project website, as well as partners like the European Circular Economy Stakeholder Platform (ECESP) or the ETP Textiles network. The activity was carried out without the help of external service providers and without purchasing contact addresses.

The dissemination campaign resulted in a total of 103 qualified responses from different types of stakeholders including academia and research, business, non-government and civil society organisations, public authorities and finance (Figure 1). All data were exported to a MS Excel file hosted on a secured server for further processing and storage. A summary of the input data and survey results is available in the annexe of this document *[Annexe 1]*.

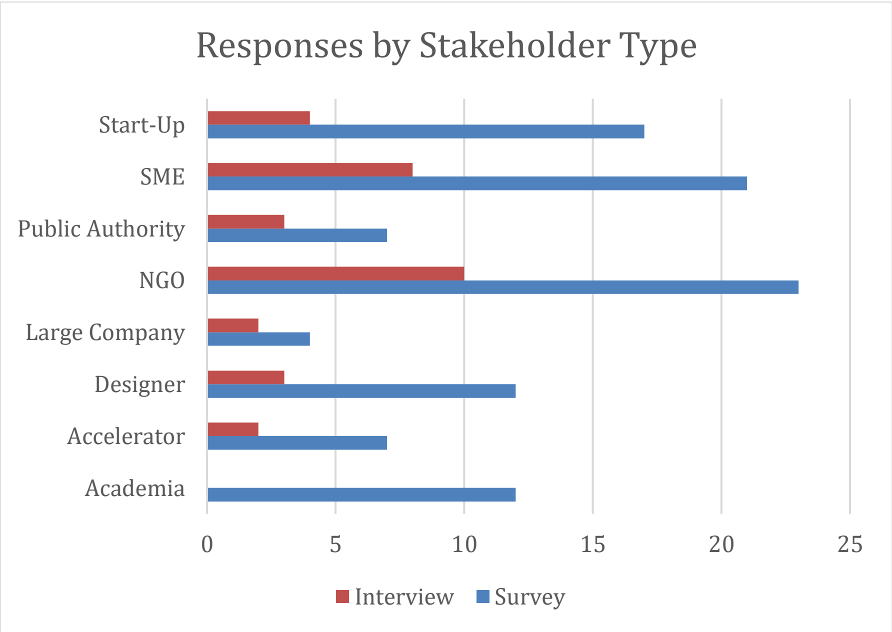


*Figure 1: Barriers (source: Fashion For Change - Stakeholder Survey and Interviews)*

### 2.4.2 Stakeholder Interviews

To complement the survey, 35 experts and representatives from the fashion industry were approached for interviews. From the contacts short-listed, three were unavailable. For a period of six weeks, from June until mid-July, a total of 32 interviews were performed. Contacts were sourced from the Fashion For Change mapping exercise and online survey, the Ecopreneur.eu proper network (including its EU Advocacy Group, Sustainable Textiles Working Group, national member organisations, and peers from The European Circular Economy Stakeholder Platform), and recommendations from Fashion For Change consortium partners. Respecting a balanced ratio, the short-list was based on selection criteria such as stakeholder type, level of expertise, and scope of influence, irrespective of geographical location or gender type.

Interviews were carried out by phone and video calls via online platforms (MS Teams, Whatsapp, Skype). Interviews were conducted by consortium partners following a script either in English or – if possible – in the interviewee's native language. For quality assurance, the script and the questions of the stakeholder interview were tested with volunteers beforehand. Annexe 2 provides a copy of the interview script and questions along with a list of organisations interviewed. All the interviews were conducted in compliance with GDPR[2] regulations refraining from the collection of personal data. Results from poll and interview were consolidated in a MS Excel file hosted on a secured server in compliance with the project's data security and privacy policies.

# 3. Findings on Challenges, Needs and Existing Solutions

## 3.1. Challenges

The different of institutional, cultural, financial, regulatory and technological barriers that hinder companies from implementing or adopting circular business models are well known and have been outlined in various studies, reports and papers, including the ones by Bouwens [5], Kirchherr [8], Accelleratio [10], Guldmann [11], CSR Europe [16] and Pheifer [17], to name only a few.

> For many companies, starting up, growing, or transforming into a fashion business with circularity at its core becomes an uphill battle in highly competitive market that still favours fast returns over sustainabilitv.

What is new in this report is the assessment of perceived barriers from the perspective of fashion designers, start-ups and SMEs. The stakeholder survey and interviews were geared towards this group in particular. We have summarized our findings of the key barriers in the two tables below *[Tables 1 and 2]*. This is not an exhaustive list of all existing barriers, but only those emphasized and rated by stakeholders in the survey and interviews. Whilst the first table *[Table 1]* reflects the average ranking score of the different barriers investigated in the survey on a scale of 1 (low relevance) to 5 (high relevance), the second list *[Table 2]* specifies and ranks additional barriers pointed out in comments from the survey and interviews.

[2] General Data Protection Regulation (GDPR) from 25th May 2018

| Ranking on a Scale of 1 – 5<br>1 = low<br>2 = high | Impact Level<br>1 = systemic<br>2 = specific | Type | Challenge | Description |
|---|---|---|---|---|
| 4.0 | #1 | Market | Unfair competition from low-priced fast fashion | Non-internalised cost of environmental and social impact creates a competitive advantage for linear fashion products and hence prevents a level playing field for sustainable alternatives. |
| 3.9 | #1 | Financial | Lack of access to finance | Applies particularly for start-ups at a concept or pilot phase. |
| 3.9 | #1 | Behavioural | Lack of awareness, collaboration and transparency in the value chain | Competitive behaviour impedes the exchange of data about products and their impact assessment. |
| 3.8 | #2 | Market | Eco-labels are often time-consuming and expensive to obtain | Eco-labels and sustainability certificates are a must-have for many companies to stay competitive and attract investors. |
| 3.8 | #1 | Market | Lack of high-quality recycled textiles | Due to lack of circular design, unprofitable recycling processes and low production costs of primary products. |
| 3.8 | #1 | Regulatory | Lack of common standards and harmonised EU regulatory framework | Current legislation was designed for linear production and consumption models. Lack of systemic approach to review, align and integrate different policy strategies and regulation. |
| 3.8 | #1 | Regulatory | Lack of government support for the circular economy | Regulation is designed for a linear economy, making systemic changes cumbersome and time consuming. |
| 3.5 | #2 | Technical | Complexity of circular design | Lack of engineering skills and technical know-how reinforced by misalignment of partners in the value chain due to misconception of the circularity concept. |

*Table 1: Barriers (source: Fashion For Change - Stakeholder Survey)*

### Unfair competition

According to respondents, the #1 barrier for sustainable fashion start-ups and designers to thrive is unfair competition. The non-internalised costs of environmental and social impacts lead to a competitive advantage in favour of linear fashion products and prevent a level playing field for sustainable alternatives. This imbalance is further amplified by the public subsidisation of fossil fuels and the absence of compensating policy measures such as a tax on $CO_2$ emissions and the use of virgin resources, for example. Remarkably, among respondents, public authorities all rated "unfair competition" the highest barrier for SMEs and start-ups to develop and mainstream circular fashion products and services. With an average score of 3, NGOs were the only stakeholder group that rated this barrier less significant.

### Lack of access to finance

The #2 barrier singled out by all respondents was difficulty in accessing finance. While accelerator companies, for obvious reasons, rated it highest with an average score of 5, NGOs and large companies both see it as less significant (average score: 3). One cause of this issue lies in the fact that, in most linear business models, costs are immediately covered by revenues from a sales transaction, while many circular models require more time to get off the ground and generate enough revenue, also to prove their business value and ROI to investors. This applies less to established companies and more to creative start-ups with innovative projects still in a concept or pilot phase, as banks and venture capital investors usually consider them a high-risk investment due to the lack of financial information, but also because of their traditional way of modelling risk, which is done from a linear perspective [9]. Consequently, they privilege models that are proven, quickly scalable, and provide rapid ROI, which typically is incompatible with the concept and nature of sustainability.[3] Creative designers and start-ups with circular business models therefore need to bring in their own capital or be guided to a financier that understands and exceptionally supports their venture.

Despite the high score of 3.9, respondents recognised that access to funding also depends on the perceived market potential and scalability of the product along with the capacity of a company to promote itself to a potential investor in a professional and convincing manner. As one interviewee pointed out, "there is more than enough venture capital available for start-ups with a good and scalable business model". The better the business proposal and pitch, the easier the funding. This differentiated view goes in line with a similar research by Kirchherr, who finds that 'limited funding for circular business models' does not rank among the most pressing CE barriers [8].

### Lack of awareness, collaboration and transparency in the value chain

With an average score of 3.9, respondents see "Lack of Awareness, Collaboration and Transparency in the Value Chain" as being at par with "Access to Finance". Interviews showed that this barrier consists of different issues, depending on the type of stakeholder: proponents of circularity see the root cause as a lack of data exchange between partners along a value

[3] Ultimately, these financing patterns are unsustainable for the linear economy itself as they pose 'linear risks' that negatively impact an organisation's ability to continue. As outlined by the WBCSD: "If unresolved, these risks could have a substantial effect on the financial industry and the global economy in the future through unanticipated losses." [21]

chain, making it impossible to assess the origin, composition and impact of textiles and fashion products upstream or downstream. A circular value chain, however, needs full traceability and transparency to demonstrate clean, safe and fair production, consumption and preservation of textile products.

Building collaborative structures is time-consuming and requires trust, dedication and a clear conveyance of brand values among partners. According to many interviewees, these capabilities, or the readiness to deploy them, are often missing especially among companies with established linear value systems. To overcome their reservation, value ought to be created at all stages in a product's lifecycle and for all partners in the circular fashion model, creating win-win situations for all involved [6]. There is, however, a significant amount of scepticism among incumbents who fear that value might not be distributed fairly. SMEs, on the other hand, often struggle to find partners who are willing to produce smaller quantities of their samples, mainly for economic reasons, which reduces the opportunities for collaboration and working towards economies of scale. As specified by one SME, the minimum required production run in the fashion industry typically is around 300 items, which for most start-ups is impossible to attain.

### Lack of high-quality standard recycled textile materials

Apart from NGOs and designers, a vast majority of respondents think that the low supply of high-quality recycled textile material poses a significant problem for circular start-ups to gain ground. For them, the reason for this lies primarily in a lack of circular design standards and recycling infrastructure. As clothes usually are not designed for circularity and hence cannot be disassembled and recycled in an economically viable way, many cannot find post-consumer textiles meeting their quality standards and budget. If they do, the end product tends to be relatively expensive, due to high manufacturing costs, and thus less scalable and competitive unless subsidised. Additional impediments are higher costs of logistics, regional barriers to trade and non-harmonised regulation of waste streams between member states, hindering cross-border and EU-scale management of resources.

### Eco-Labels are time consuming and too expensive

Most stakeholders agree that eco-labels and sustainability certificates are often time-consuming and expensive to obtain, indeed many question the very need and effectiveness of these communication tools, with NGOs and business accelerators being the biggest sceptics. In a highly competitive market, some eco-labels, certificates or the proof of a life-cycle-assessment (LCA) are a must-have for brands to gain trust from consumers and investors and hence gain a competitive edge. For start-ups, they can also be crucial factor to gain creditworthiness vis-à-vis potential investors. However, as they usually do not have the financial resources and time to obtain them, they find themselves in a “chicken-and-egg” situation where they need funds from creditors for labels, certificates or LCAs but find it hard to attract investors without them. They tend to compensate for this by building trust in their product or brand through alternative communications measures, especially via social media, and word-of-mouth at a local level. As one respondent from a large company put it: “Good marketing and communications are more effective than labels to make a difference.”

### Lack of government support for the circular economy

With an average score of 3.8, stakeholders agree that there should be more policy initiatives in support of the circular economy in general and a more circular European textiles and fashion industry in particular. In their view, regulation at the EU and member states levels is still geared to a linear economy and does not provide for sufficient policy incentives to catalyse the advancement of circular fashion models. More specifically, respondents are missing guidelines for sustainable public procurement, effective tax incentives, an EU-wide Extended Producer Responsibility (EPR) scheme for textiles, and better regulation to enforce transparency. These and other needs will be addressed in section 3.2. in more detail. NGOs and public authorities seem relatively to consider the “Lack of government support for the circular economy” less significant (3.0).

### Lack of standards and harmonised EU regulatory framework

All respondents, and to a lesser extent NGOs and public authorities, share the perception that the EU lacks a harmonised regulatory framework and common standards to support circular business models for the fashion industry (score: 3.8). As the current legislation was designed for linear models, many argue for a reform and integration of different policies such as those relating to products, industry, chemicals, energy, trade, environment and climate. Particularly mentioned was the need to harmonise the quality criteria for end-of-waste status in the EU, as this would spur confidence on the demand side, generate more secondary feedstock, ameliorate planning security for companies that have subscribed to circular business models, which in turn would “pull” in further investment.

### Complexity of circular design

As it turned out in interviews, the relatively low average score of 3.5 of “Complexity of circular design” can be explained by the fact that many survey respondents interpreted the question from a technical rather than a systemic point of view. While respondents agree on the vital importance of product design regarding circularity, they do not see it as a technical challenge *per se*. The reason why they still see it as a significant barrier is in view of the insufficient exchange of data and know-how and the lack of common technical standards and guidelines, which make it difficult for companies to develop or acquire engineering skills and invest in circular business models in the first place. Respondents who see “Complexity of circular design” from a systemic perspective gave it an even higher importance, arguing that a fashion product or service designed for circularity still requires the entire value chain, from sourcing to recovery, to be in line with the concept of circularity and the relevant business model. In this case, circularity is considered as a system that creates value from retaining value and re-using products and resources on an on-going basis, as opposed to a system geared towards recycling or downcycling. Hence, the challenge is less in the technical design but in finding or implementing circular value systems and the partners supporting it. This finding is affirmed by the empirical research of Kirchherr, which shows that “not a single technological barrier is ranked among the most pressing circular economy barriers” [8].

### Additional challenges

The ranking and scores in the below table *[Table 2]* stem from a total of 70 comments made by participants of the online survey and interviews about the additional barriers they perceive. They are based on absolute numbers. The following section addresses these challenges in more detail.

| Score | Impact Level<br>1 = systemic<br>2 = specific | Type | Challenge | Description |
|---|---|---|---|---|
| 12 | #1 | Behavioural | Linear production and consumption patterns | Behavioural lock-in in linear make-take-waste business models and lifestyle. |
| 12 | #2 | Capacity | Lack of business management and marketing skills | Professional skills essential for young entrepreneurs to stand their ground in a highly competitive fashion market. |
| 11 | #1 | Market | Conflict of interest among stakeholders in the value chain | Due to split incentives. Benefits of circularity do not accrue to those making the effort. |
| 11 | #1 | Capacity | Lack of an integrated information platform | Useful information is scattered across multiple platforms by application, industry, market, region or language. |
| 8 | #1 | Capacity | Lack of understanding of circularity concept | Lack of understanding of the circularity concept as "Circularity" is often confused with "Recyclability". |
| 3 | #1 | Capacity | Lack of technical know-how | Due to the novelty of circular fashion models, processes and products. |
| 3 | #2 | Market | Lack of economically viable and market proven technologies | Despite its technical evolution and performance, recycling of complex fibre-based products is not profitable. |
| 1 | #2 | Market | Lack of recycling infrastructure | Patchy infrastructure prevents a sufficient supply of secondary feedstock and hence impacts the planning security and profitability of a business. |

*Table 2: Barriers (source: Fashion For Change - Stakeholder Survey and Interviews)*

### Linear production and consumption patterns / Conflict of interest among stakeholders in the value chain

With 12 and 11 comments, “Linear production and consumption patterns” and “Conflict of interest among stakeholders in the value chain” are both in the top three additional barriers that circular fashion designers, start-ups and SMEs are struggling with. Due to their integration in linear and often complex supply chains, larger established companies seem to find it more difficult to adopt a circular business model.

The behavioural lock-in of consumers to “take-make-waste” consumption patterns is driven by a common lifestyle featuring low-priced “fast” fashion, same day delivery, single use, and highly effective marketing strategies. The “Conflict of interest among stakeholders in the value chain” is typically due to conflicting business models (linear versus circular), as new production and consumption models require the sharing of information, expertise, resources and a fair distribution of created revenues. This barrier is closely linked with and reinforced by a “lack of awareness, collaboration and transparency in the value chain” outlined in the previous section of this report. Together, they tend to stifle the readiness of incumbents to interact, learn, collaborate, and hence partner with circular start-ups and SMEs.

### Lack of business management and marketing skills

As noted in section 3.1 (Challenges) above, a solid business case and marketing acumen are key to funding. With a total count of 12 mentions from the poll and interviews, a “Lack of business management and marketing skills” has been identified a top challenge for young entrepreneurs. Many of them do not have a business background and started out with a creative idea or innovation, without necessarily having sufficient know-how and experience in business management, branding or marketing. In their role as newcomers, start-ups often find it challenging to compete against incumbents with their well-established marketing operations and the linear consumption patterns of their customers at the same time.

> The main challenge for circularity-driven newcomers, scale-ups and SMEs is to find the resource that meets their needs for practical information and support.

While reaching potential customers, partners and investors to convince them about their alternative products is key, business founders often do not have the professional experience, time and resources for it, despite the high potential and scalability of their circular fashion business case.

### Lack of an integrated information platform

Respondents frequently complained about the lack of an online platform that would provide them access to comprehensive information and useful resources. Despite the high amount of information available online about the fashion industry, circularity, sustainable business, including related tools, this is scattered across multiple knowledge platforms that cut-across multiple industries and often are limited to a specific geographical region, market or language.

According to eleven comments, the absence of an easy-to-find information hub that integrates and links to information and resources relevant to designers, sustainable start-ups and SMEs from the fashion industry represents an additional barrier as they miss out on opportunities to build capacity, find suppliers and partners for collaboration projects, and funding, and potentially expand into new markets. What respondents are missing is a centralised online hub that guides them to relevant resources provided by existing platforms and websites.

### Lack of understanding of circularity concept

Several respondents pointed out a common misunderstanding of circularity as a concept. Six comments indicate that, in the language of many stakeholders from the fashion industry, “circularity” is used synonymously with "recyclability". This is mainly due to the complexity of circularity as a concept, which makes it harder for different stakeholders to communicate and collaborate in circular ventures.

Already the educational system does not yet provide a structure where sustainability is being taught from a systemic perspective or in a cross-sectoral approach. As a result, manufacturers often do not fully understand the value of keeping products in circulation longer or of reusing materials. Moreover, they find it hard to find skilled labour with circular design, sustainability and cross sectoral skills.

### Lack of technical know-how /
### Lack of economically viable and market proven technologies /
### Lack of recycling infrastructure

These additional challenges were mentioned by a total of five respondents, which indicates a lower level of significance. As the emergence of circular business models in the fashion industry is rather recent, respondents identified a lack of data, experience, best practice cases, and highly specialised technical staff as additional barriers for start-ups to overcome. The lack of recycling infrastructure pointed out by one respondent, a well-established fashion brand, is more in the sense of missing tracking and tracing technology for textiles, which results in an undersupply of high-quality secondary feedstock and thus compromises the planning security, profitability and sustainability of a business.

## 3.2. Needs

As outlined in the previous section, the needs of start-up founders, circular fashion designers and SMEs compared to conventional companies are rather specific. Information from the online survey and interviews not only ranks the challenges they face on a daily basis. Comments also reveal some additional needs they have in order to tackle these issues.

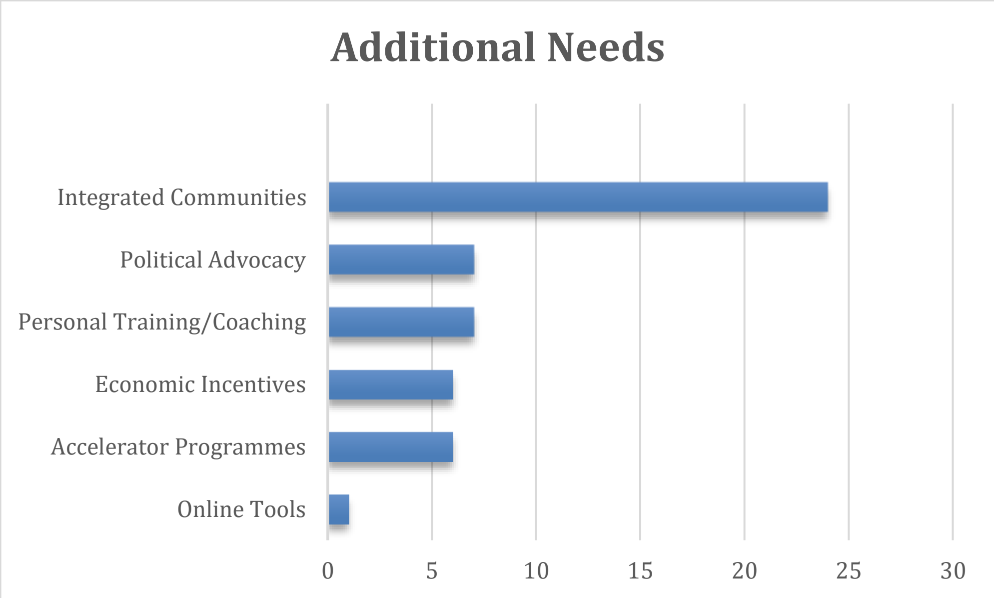


*Figure 2: Barriers (source: Fashion For Change - Stakeholder Survey and Interviews)*

### Integrated Communities

With a total of 24 comments, the need for communities that provide access to information, contacts and other valuable resources to facilitate capacity building and collaboration is the most apparent. This is related to the fact that many respondents regard trust as the underlying basis for them to accept and work together with partners in a supply chain.

As innovative start-ups tend to challenge the conventional ways of conducting business, building trust through personal contact, close communication and transparency is paramount. Whilst some are in favour of business-to-business networks to drive collaboration between established companies and start-ups in the format of public-private partnerships for example, others see a solution in competence centres that connect and give access to online networks. While established companies get an opportunity to learn about innovative products and services and how to embrace them, start-ups get a chance of finding a supplier or partners for a joint venture and funding.

As many suppliers are located within the EU and not necessarily overseas, a majority of respondents privilege competence centres that combine a physical location with a digital platform that gives access to an extended network of international outreach. While local communities and regional networks offer a fertile soil for any type or size of business, scale-ups and established companies are equally keen on international collaboration. Even though SMEs typically focus on domestic markets, access to global markets enables them to scale up and grow, especially regarding green tech products and services where Europe is a leader. Any EU-wide or global approach should be coordinated with local, regional, and national associations and other stakeholders under the aspect of circularity.[4]

As the fashion industry is relationship-driven, there is broad agreement that within the network, human contact should not be underestimated as a social component.[5] A hybrid model would allow for personal exchange and guidance from local, regional and international experts, irrespective of their location. Especially for entrepreneurs of local start-ups the opportunity to "meet and greet" their remote role model online or in person could be inspirational and stimulating. Others point out that for cultural reasons, certain communities might prefer to interact with peers and experts in their local language. For them, a translation of relevant online content into their language would be necessary.

> Start-ups and designers need practical support with capacity building especially by drawing on expertise and support from local communities and online networks through both virtual and personal interaction.

Public-private partnerships would require public funding to set-up and run regional centres with meeting facilities and a digital hub to connect to a wider community. Respondents see the European Commission as being in a good position to facilitate the development of this type of community and infrastructure through public funding programmes.[6]

### Capacity Building: Accelerator Programmes / Personal Coaching / Online Tools

Capacity building solutions are showing a significant level of demand, primarily expressed by start-ups, designers, accelerators, and NGOs. Particularly, we identified a need for accelerator programmes combined with personal coaching and effective online tools.

Regarding the need for accelerator programmes, the six start-ups, NGOs and business accelerators commenting on this topic all agree that its effectiveness primarily depends on the quality of the coaching and less on the financial support provided. Whilst accelerator and

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[4] One expert pointed out in an interview that public regional waste and recycling agencies like https://www.awv.steiermark.at/ do not have the capacity and know-how to run this type of hybrid circular fashion communities and would be overstrained with this task.

[5] An example for this type of community is the FUTURE FASHION FORWARD network in Germany: https://future.fashion

[6] EU funding through the NextGeneration EU recovery fund, HORIZON Europe and the European Cohesion Policy 2021-2027 fund and COSME programme.

growth programmes like the “No Waste Challenge” or the “European Social Innovation Competition” offer a cash prize in addition to advisory support, alternative programmes that offer “in kind” consulting, coaching and training services are widely accepted, too.[7]

For newcomers and starters, effectiveness is of the essence. As many start-up founders are not fully aware of their deficits, some respondents recommended a preparatory session for start-ups prior to a growth programme to identify gaps in the business plan, the marketing strategy, or the action planning they ought to focus on. This should be performed by means of a self-assessment tool, assisted by an expert. One respondent, a start-up fashion designer, recommended field trips as part of a growth programme. It was pointed out that it is "crucial to have a senior expert with know-how from the specific market as a personal mentor who knows how to consult on complex issues". Also, the mentoring process should be for three to six months rather than just for a few days, like for the duration of an event. Without this, the accelerator programme and related funding would likely not deliver the expected results.

Regarding online tools, comments suggest that there is a sufficient number available. However, as outlined in section 3.1. (Challenges), many stakeholders believe online tools are usually hard to find, comprehend or assess, as they are often designed for a specific industry, region, market, or language. Respondents express a need for better guidance and indicators that would lead circular fashion designers, start-ups and SMEs to existing online tools that are most relevant and effective to them without relying on personal assistance by an external consultant, for example.

### Political Advocacy / Economic Incentives

As illustrated in section 3.1 (Challenges), 11 out of the 16 barriers that our empirical research has exposed are systemic, including the two top ranking challenges “Unfair competition from low-priced fast fashion” and “Behavioural lock-in to take-make-waste consumption patterns”. A combined 13 comments made by start-ups, SMEs and NGOs indicate a need for political advocacy (7) and economic incentives (6) to counteract these issues. Respondents regard regulation as a key instrument to drive systemic change in the fashion industry and hence call for policy initiatives and political advocacy efforts at both the EU and member state levels. They expect a well-coordinated advocacy strategy to result in a political framework that would ultimately establish a level playing field in support of circular business models.

Economic incentives are primarily demanded in the form of a VAT exemption for 2nd-hand, refurbished, remanufactured and secondary fashion products, as well as for repair and rental services. Another highly popular demand is for a policy initiative that would rebalance the current tax system by a “shift from labour to resources”. When pollution and primary resources are tax-free (or even subsidised) and labour costs are high, businesses face a barrier

[7] https://nowaste.whatdesigncando.com, https://eusic.challenges.org

to scaling up their circular activities. As many studies on the circular economy conclude, reducing labour taxes and increasing taxes on pollution and resource use will be key to achieving the circular ambitions set by governments and businesses [20].

Equally high in demand are policies for mandatory Green Public Procurement (GPP) for sustainable textiles and clothes such as uniforms, furnishing textiles or protective clothing used by public servants. To quote one respondent: “If there is enough pressure from the consumer and there is enough pressure from the state and the funding is only provided for the circular businesses, then the linear models stop making sense and that is how the shift should happen.” Another economic incentive expected from EU policy makers is about free financial vouchers for “green” start-ups and SMEs to spend on business consulting or coaching services within the EU. This is closely related to the need for financial sponsorship to develop necessary business and marketing skills identified as one of the primary challenges for newcomers.

## 3.3. Solutions

Insights from our empirical analysis, desktop research and own “Fashion For Change” mapping exercise [12] confirm a wealth of existing solutions, tools and initiatives available to help fashion designers, start-ups, SMEs and large companies to overcome the challenges of setting up, scaling up or transforming a fashion business in terms of circularity. Scattered across a multitude of online platforms and websites, there are hundreds of communities, guidance tools, training and certification schemes, events, technology showcases, accelerator and growth programmes, and other relevant tools. Through our mapping exercise alone, we have identified more than one hundred different resources, of which 56 were recommended by the respondents to the survey and interviewees. As commonly agreed, the main challenge for companies is to find the solution, reference or contact that would meet their specific need for information and practical support.

For this reason, our examination has taken a pragmatic approach from a user perspective, asking respondents for solutions they would recommend to start-ups and SMEs from the fashion industry for their effectiveness and reputation. Figure 3 gives an overview of the solution awareness by respondent type in percent, showing that companies are the group with the lowest knowledge of recommendable solutions, compared to accelerators, NGOs, academia and public authorities, who are experts in this area and often involved as a sponsor.

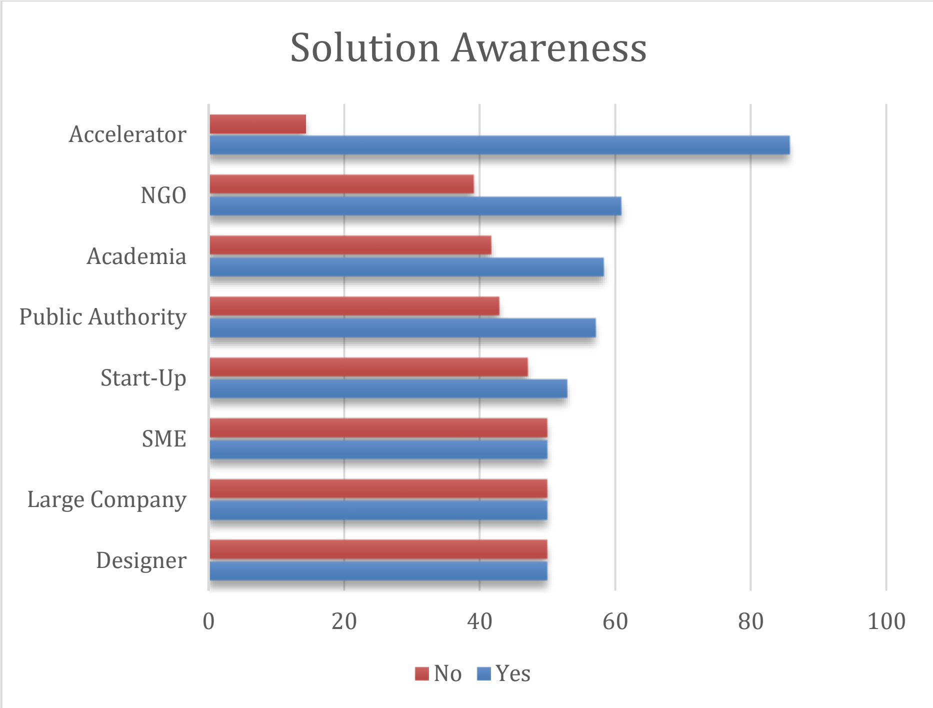


*Figure 3: Solution Awareness (Source: Fashion For Change - Stakeholder Survey and Interviews)*

The solutions suggested by respondents and summarised in Figure 4 are all renowned in the market and considered best practice. As such, they deserve to be featured in the Fashion For Change project and the Knowledge Hub in particular.


*Figure 4: Recommended solutions (Source: Fashion For Change - Stakeholder Survey and Interviews)*

With a total of 15 recommendations, the “Fashion For Good” accelerator programme supported by the Laudes Foundation is the absolute front-runner of the list. It is followed by the circularity measurement tool “Circulytics” managed by the Ellen MacArthur Foundation and the “Close The Loop” knowledge platform by Flanders DC astride the “Circular Toolbox” provided by the Circle Economy Textiles Programme. With three and two recommendations each, there are the “Fashion Positive Material Guide” and “Circular Fashion” for capacity building, the “WRAP Textiles 2030” and the “WORTH Partnership” (EU Initiative) networks and knowledge platforms, and “The Jeans Redesign” Guidelines provided by the Ellen MacArthur Foundation.

As these tools and solutions are designed for specific user types, products, applications and markets, the absolute number of references for each of the short-listed solutions is relatively small, with the majority of other solutions being mentioned only once or twice. However, when looking at the full sample of recommendations by category, we perceive a tendency for four types of solutions *[Figure 5]*:

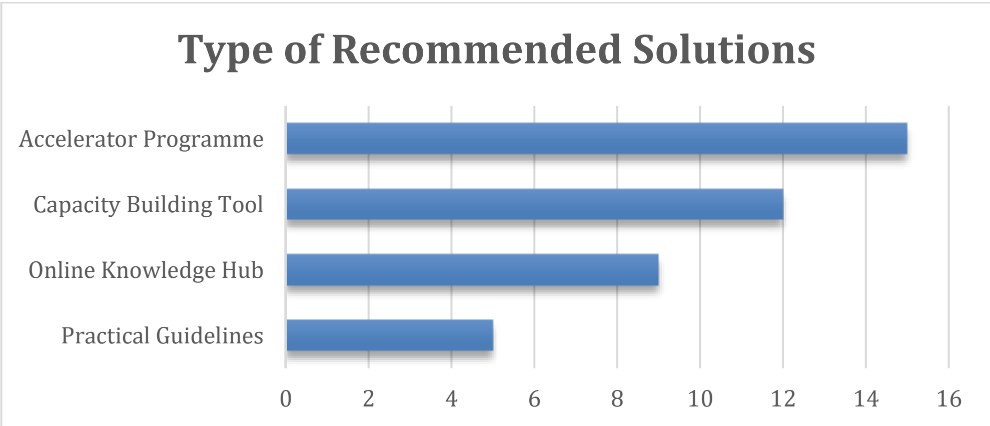


*Figure 5: Type of recommended solutions (Source: Fashion For Change - Stakeholder Survey and Interviews)*

1. Accelerator programmes,
2. Capacity building tools,
3. Online Knowledge Hubs, and
4. Practical guidelines.

These solutions are all designed to help companies build know-how, liaise with partners and promote their value proposition to a wider audience. The following section will build on these insights in drawing conclusions and related recommendations.

# 4. Conclusions and Recommendations

When it comes to supporting young entrepreneurs, designers and SMEs in overcoming the typical barriers when starting-up or scaling up a sustainable business, there is no one-size-fits-all solution. The diversity of challenges and the multitude of existing tools identified by this study and the preceding Fashion For Change mapping exercise [12] attest to the significance of this topic and the high demand of guidance and support by this particular stakeholder group.

The surveys and interviews carried out for this report show that fashion designers and start-ups are primarily challenged by systemic barriers that need to be countered by targeted capacity building measures combined with policy driven economic incentives. What stands out in terms of capacity building is the need for this group to interact with peers, experts and other relevant partners through local, regional and international communities in person as well as online. This hybrid community model would interconnect physical locations of local competence centres with digital platforms and online networks that provide access to relevant information, contacts and online tools, along with specific training, coaching and funding programmes.

From this perspective, public-private partnerships, such as circular acceleration houses (CAHs) or "circularity hubs", are a good reference and serve as a suitable raw role model for this type of interconnected community of peers. Designed as a one-stop-shop, CAHs provide a platform for different actors of the circular economy to connect and interact with each other beyond industries, markets and geographical borders. Core functions include networking and matching, training and education, promotion of best practice and innovation, joint research and advocacy, as well as facilitating access to practical support tools, including business consulting and funding, accelerator and incubator programmes [19].

> This Fashion for Change report recommends a hybrid community model that interconnects physical local competence centres such as "Circular Hubs" with digital platforms and online networks to provide access to relevant information, contacts, and online tools along with specific training, coaching, and funding programmes.

As CAHs usually are a public-private partnership, they are directed either by a non-for-profit organization, a foundation, an association or a public authority. They often vary in size, format and scope, depending on regional conditions, resources and the engagement level of their member organisations. The National Institute for the Circular Economy (INEC) mapped a total number of 24 cross-sectoral circular competence centres across Europe, 22 of them in the EU. Organisations supporting enterprises on circularity are available in most EU member states [13].[8] A best practice is MVO Nederland which manages the “Acceleration House Netherlands Circular”[9]. This includes the Dutch Circular Textiles Network[10], a group of companies working together on the high-quality reuse of textiles, biodiversity and transparency in the value chain. While CLICKNL has been training about 60 SMEs from the textiles sector on circular design, Circulab - partner of the "Circular Innobooster” sister project - has trained thousands of companies from different sectors. Profiles of these players are available in the Fashion For Change map of fashion actors and initiatives [12]. Another specific fashion example mentioned by one of the respondents is Ziphouse, a fashion Hub in the Republic of Moldova providing opportunities for development, learning, collaboration and networking.[11] By helping start-ups overcome barriers at the national level, CAHs produce convincing references that prove the viability of circular models to sceptics and hence serve as catalysts of the circular transition beyond their local communities.

While competence centres in the format of CAHs, where stakeholders can meet at a regional level, would be a breeding ground for circular fashion designers, start-up founders and SMEs to develop their business, an online portal is required to grant access to the wider ecosystem of key players and resources. This portal should be designed as a centralised drop-in centre where one would find references and links to existing resources like the ones identified in our research *(see Figure 4)*, for example, or the useful solutions maps established by Fashion For Change [12] and the European Commission [15], which are currently kept in different locations and therefore cannot easily be found. As the term “portal” indicates, the goal is not to set up yet another platform, but a central gateway that links to existing resources, including cross sectoral platforms. Ideally, the portal would provide a multi-language interface and powerful search functionality, including "best in class" criteria to guide users to the most relevant and helpful resources. For optimal use, top-ranking solutions should be made available in all EU languages with financial support by the European Commission. The portal could be linked from each CAH’s own website or intranet, providing members easy access and guidance to relevant resources in their own language.

The portal should also link to existing accelerator, growth and other support programmes to enable start-ups to participate, no matter where they are located within the EU. At present, accelerator programmes are being referred to from specific portals only, like the Texpertise Business Network, for example.[12] To facilitate participation in these programmes, we support the idea of financial vouchers, as advocated by many respondents, that can be used by start-ups and SMEs for spending on consulting services, training and other capacity building

[8] Another overview of circular competence centres and network per EU Member State gives the “Circular Economy Update - Overview of Circular Economy in Europe” by Ecopreneur.eu [14]

[9] https://versnellingshuisce.nl/

[10] https://www.mvonederland.nl/netwerk-textiel/

[11] https://ziphouse.md/?lang=en

[12] https://texpertisenetwork.messefrankfurt.com/frankfurt/en/list/apparel-fabrics-fashion/Texcycle-sustainable-fashion-accelerators.html

activities. These vouchers should be sponsored by public bodies, with financial support by the European Commission, and valid across the European Union.[13]

In summary, we recommend leveraging the existing infrastructure of CAHs and the wealth of existing online resources by interconnecting them through a portal, giving circular designers, start-ups and SMEs access to the support they need to stand their ground in the competitive fashion market. This recommendation fits in with a recent call from the European Parliament on the European Commission and EU Member States “to support the establishment of circularity hubs in all European regions and local communities” in the spirit of the proposed “New European Bauhaus” [14].

As most barriers they face are systemic, this approach must be cross-sectoral, integrated and supported by effective policies to make it work in the long term. As short-term, economic incentives are required for circular businesses, first and foremost in the form of harmonised Extended Producer Responsibility (EPR) schemes with eco-modulated fees, reduced VAT rates and GPP for circular products and services, and carbon tax or levy to create a level playing field for circular fashion providers.

Fashion For Change will further investigate the policy aspects of these issues and provide an update on policy recommendations in a separate report at the end of the project.[15]

[13] This would be in line with the European Skills Agenda and EU Vocational Education and Training initiatives.

[14] https://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/ENVI/DV/2021/01-25/1222761EN.pdf

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# 6. Consortium Partners

**Civitta, Estonia**

CIVITTA is a leading management consultancy across the Baltics and Eastern Europe, with the headquarters in Estonia. CIVITTA provides management consulting and data analytics services to corporations, start-ups, SMEs, governments and NGOs. CIVITTA helps companies to challenge their own industries by becoming more innovative, efficient and dynamic. Areas of expertise are entrepreneurship support, market analyses, business planning, innovation management, commercialization and public tender consultancy services to the SMEs, designers and start-ups, mentoring and coaching and managing investor programmes.

**Ecopreneur.eu, Belgium**

Ecopreneur.eu is the European Sustainable Business Federation of currently six national associations representing about 3000 sustainable companies – mostly SMEs. It is the European voice of green small and medium sized enterprises driving the transition towards a circular economy. A member of the Coordination Group of the European Circular Economy Stakeholder Platform, Ecopreneur.eu is the only international business organisation in Brussels committed to ambitious measures, rules and regulations for a low-carbon circular economy. Ecopreneur.eu and its members bring concrete experience from pioneering companies into the political debate, show best practice examples and represent the needs of green SMEs in a credible way.

**Estonian Academy of Arts, Estonia**

Estonian Academy of Arts (EKA) is the leading university in Estonia in the fields of Fine Arts, Design, and Architecture. With 200+ staff members and around 1.200 students, its practice-based Fashion, Textile, and Accessory Design curricula have a specific focus on design for sustainability. EKA has previously been involved in the development of EcoDesign Audit – a diagnostic tool for SMEs to assess their eco-design capabilities – as well as a teaching resource repository to further contribute to the sustainable transformation of (fashion) design education.

**Katalista Ventures, Lithuania**

Katalista Ventures is the first Baltic triple top line accelerator and fund for start-ups and organisations aiming to achieve their potential while bringing a positive impact on People, Planet, and Profit. Since 2017, Katalista Ventures collaborates with companies, governmental institutions and NGOs globally to build capacity in the sustainability ecosystem, provide sustainable innovation advisory, and help develop resilience with a triple top line business model. Its portfolio consists of high-impact start-ups focused on developing solutions to global grand challenges and sustainable development goals.

**Singleton, Estonia**

Singleton is an Estonian software and product development company focused on small but fast-growing businesses. Singleton’s expertise lies in providing a dedicated and customized approach for developing companies’ ideas to Minimum Viable Products and further to world class products. For that they combine a lean approach with the latest technology. Singleton’s competencies are product and process design, software consultancy, product development, business development, business and software analysis and strategy consulting.

# 7. Annexes

## Annexe 1: Online Survey

Fashion for Change

### FASHION FOR CHANGE - Stakeholder Poll

Welcome to our quick poll!

The "Fashion for Change" EU-funded programme aims to help innovative start-ups and SMEs across Europe implement and scale-up circular business models for a sustainable fashion industry in the best possible way.

In this 5-minute poll we would like you to point out the key success factors for taking up circular fashion, including existing circular economy approaches, their impact, and the obstacles to circularity they tackle or still need to tackle.

In return, we would share the outcome with you in July and keep you as a reference for further contact.

Fashion for Change is funded from the EU programme for the Competitiveness of Enterprises and Small and Medium-Sized Enterprises, COSME (COS-CIRCFASH-2019-3-02). The consortium partners are listed below. Under the same call, there are currently 3 peer projects running in parallel: CircularInnoBooster, S4Fashion and SmallButPerfect. More information about these initiatives is available online.

Thank you in advance for participating. As an important stakeholder in the fashion industry your input is highly appreciated!

*Required

Consortium

CIVITTA EKA ecopreneur.eu KATALISTA VENTURES singleton

START POLL

Your full name *

Your answer

Email address *

Your answer

Name of your organisation *

Your answer

Type of organisation *

Please indicate the type of your organisation

- [ ] Academia & Research
- [ ] Company
- [ ] NGO & Civil Society
- [ ] Investor
- [ ] Policymaker
- [ ] Public authority

Geographical scope *

Your answer

Industry focus *

Please indicate the geographical reach of your organisation.

- [ ] Local / Municipal / City
- [ ] Regional / Province
- [ ] National / Country
- [ ] EU
- [ ] International
- [ ] World region (e.g. Asia)
- [ ] Global

Industry focus *

Please indicate your the sectoral scope of your organisation.

- [ ] Fashion / apparel
- [ ] Textiles
- [ ] Cross-sectoral
- [ ] Other:

**Barriers**

Please rate the following factors according to their significance in constraining SMEs and start-ups to develop and mainstream their circular fashion products and services.

Complexity of circular design *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Lack of access to finance *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Unfair competition from low-priced fast fashion *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Lack of awareness, collaboration and transparency in the value chain *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Lack of high-quality standard recycled textile materials *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Eco-labels are often time-consuming and expensive to obtain

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Lack of government support for the circular economy *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Lack of standards and harmonised EU regulatory framework *

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Low | ○ | ○ | ○ | ○ | ○ | High |

Other significant barriers the fashion industry is facing - or other comments on the barriers

Your answer

Are you aware of any successful initiatives that help SMEs / startups with circular fashion? *

- ◯ Yes
- ◯ No

**Initiatives**

Successful initiatives that help SMEs / startups with circular fashion

Name of the most important initiative

Your answer

Brief description

Your answer

Type of initiative

- ☐ Advocacy
- ☐ Best practices
- ☐ Business accelerator
- ☐ Community of practice
- ☐ Education and training
- ☐ Financial support
- ☐ Innovation support
- ☐ Matchmaking
- ☐ Networking
- ☐ (online) Tools
- ☐ Other

If possible, please indicate how many companies have been helped with this initiative

Your answer

Would you like to share any important references, questions or comments?

Any references to recent studies, reports, and stakeholder initiatives related to circular fashion would be highly appreciated.

Your answer

Accept terms and conditions

Please accept these terms and conditions to allow the Fashion for Change project partners to assess the data entered in this survey and use them for internal communications, for communications with your organisation, and for external communications. In the latter case provided they are presented in an anonymised and/or averaged-out form that does not reveal any company-specific information and cannot be traced back to our company. All data entered will be handled strictly confidential, in accordance with the General Data Protection Regulation (GDPR). Data are collected for research purposes, no specific company or personal details or contact data you submit will be shared. Your data will be used for the Fashion for Change project only and for no other purpose whatsoever.

This will also enable us to share information about project related events, interim results, and the final project report with you.

I accept the terms and conditions *

☐ Yes

# Annexe 2: Stakeholder Interviews

## 1. Organisations interviewed*

1. Accelerating Circularity (NGO), Karla Magruder
2. Circle Economy (NGO), Natalia Papu Carrone
3. Creamoda (NGO), Jo van Lendeghem
4. Doubleone (Designer), Carol Ott
5. E.T.P. Textiles (NGO), Lutz Walter
6. Ellen MacArthur Foundation (NGO), Valerie Boiten
7. European Environmental Bureau (NGO), Emily MacIntosh
8. European Environmental Citizens Organisation – ECOS (NGO), Valeria Botta
9. Fashion For Good (Accelerator), Rogier van Mazijk
10. Flanders DC For Fashion (Public Authority), Jasmien Wynants
11. Global Fashion Agenda (NGO), Christina Isjov and Maria Luisa Martinez Diez
12. H & M Group (Large Company), Martin Ekenbark
13. Humana Kleidersammlung (SME), Julia Breidenstein
14. Isatió (SME), Jordi Tio
15. Katalista Ventures (Accelerator), Phil Tulba
16. Laudes Foundation (NGO), Megan McGill
17. Lebenskleidung (SME), Enrico Rima
18. Materjalivoog (Start-Up), Mayri Tiido
19. Monika Pranckaitytė (Designer)
20. MUD Jeans (SME), Laura Vicaria
21. Nordhale (Designer), Sinika Seepõld
22. Our Pocket Hero (Start-Up), Simona Koncytė
23. OVAM (NGO), Evelyn Lafond
24. Repanet (NGO), Matthias Neitsch
25. Sympany / Circo (SME), Ellen Sillekens
26. The Knotty Ones (Start-Up), Emilija Kerpaitė
27. The PowerHouse (SME), Lisa Lang
28. The Rewear Company (Start-Up), Kristiina Koort
29. United Nations Environment Programme – UNEP (Public Authority), Bettina Heller, Laila Petrie
30. Upty (Start-Up), Dmitri Nogin
31. Vanhulley (SME), Jolijn Kreuzberg
32. VAUDE (Large Company), Hilke Patzwall and René Bethmann

* The interviewees have given their explicit consent to publish their names in this report.

## 2. Interview Script

Fashion for Change

*F4C Stakeholder Survey – Interview Script*

*(EP, draft v3)*

**1. Introduction**

1.1 Ask if OK to record the interview.

Confirm:
1.1.1 Name of interviewer:
1.1.2 Name of interviewee:
1.1.3 Name of organisation:

*Each interview will start out with an introduction of the Fashion For Change Project:*

**Objective:** The Fashion for Change project is run under the European Commission's COSME programme, designed to help SMEs, designers and start-ups develop, scale up, and accelerate the implementation of innovative business models for a sustainable and circular fashion industry. It officially started on January 15th and will run for three years until early 2024.

There are **three parallel projects** running under the same COSME call (COS-CIRCFASH-2019-3-02) pursuing similar objectives: CircularInnoBooster, S4Fashion and SmallButPerfect.

**The consortium** consists of Civitta Eesti AS, the Estonian Academy of Arts, Ecopreneur.eu, Katalista Ventures and Singleton from Estonia, Lithuania and Belgium. The 5 different partners combine the expertise of experienced players in sustainable fashion, circular economy, business support and innovation management for SMEs.

The project has 3 **phases** with the following objectives:
1) Building an information hub for circular fashion stakeholders
2) Developing a methodology for the project's Growth Programme
3) Implementation of a Growth Programme.

The **Growth Programme** will start with an open call to identify SMEs, designers and start-ups from different stages of the fashion value chain.
35 qualified entries will be chosen to present their business ideas at a "Fashion Sprint" online "hackathon" event.
25 candidates will be elected to receive 10.000 EUR of financial support along with personal mentoring, technical support, including study visits.
Five of these companies will be granted an additional 5.000 EUR for revising their business plan and pitching their ventures with potential investors in person.
Candidates will be promoted to increase awareness about circular fashion models among stakeholders from the fashion industry and consumers.
At the end of the project, there will be a report with concrete policy recommendations.

Fashion for Change

**2. Questions about the Fashion For Change project**

2.1 Do you have any further questions or comments about the Fashion For Change project?
2.2 Do you think our open call for participating in the Fashion For Change growth programme would receive a positive response from SME candidates?
2.3 What is your experience with similar support and growth programmes?
2.4 Did you already hear about the other COSME projects CircularInnoBooster, S4Fashion and SmallButPerfect?

**Questions specific to SMEs, designers and start-ups:*
2.5 Referring to your answers from the poll, can you tell us more about the barriers that your experienced? *[Quote answers]*. Why do you think these barriers are there?
2.6 What additional support would you need the most to overcome these barriers?
2.7 How important do you estimate access to funding?

**3. Questions about useful stakeholder programmes and initiatives**

3.1 Can you recommend any existing programs, partner initiatives, tools or solutions that you found particularly helpful?
3.2 Do you know the name of the initiative?
3.3 What type of initiative is it?
3.4 Which organisation or partners are driving it?
3.5 In which country is it based?
3.6 What primary objective does this stakeholder initiative have? Which main issue does it try to resolve?
3.7 Is the initiative specific to the fashion industry or does it apply to other industries as well?
**Only applicable if the respondent already has specified an initiative in the poll:*
3.8 In the poll, you referred to the initiative [Name] ___________________________
3.9 What are the main reasons why do you personally find it useful?
3.10 What barriers does it help solving? *[walk down the same list]*
3.11 Which geographical scale does the initiative have? (EU, regional, etc.)
3.12 Do you have an idea how many users/companies/designers/startups/etc. have been participating (and potentially taken benefit from) in this initiative?
3.13 Is it sectoral or cross-sectoral?
3.14 Do you think it is it scalable? [for small, new or unknown initiatives]
3.15 Is it replicable? Could the initiative serve as a blueprint for similar stakeholder initiatives in other geographic areas and/or industries?
3.16 Is one of the partners a potential investor for F4C?
3.17 Do you know any stakeholder that could be interested to become an investor for F4C?
3.18 Are there any other initiatives that are important for our project? *[repeat #3 questions]*
3.19 Do you have any other references, comments or advice for us?

*[Ends]*

Fashion for Change

# Annexe 3: Stakeholder Survey and Interviews – Consolidated Results

| Type of respondents | Academia | Accelerator | Designer | Large Company | NGO | Public Authority | SME | Start-Up | Total |
|---|---|---|---|---|---|---|---|---|---|
| Survey | 12 | 7 | 12 | 4 | 23 | 7 | 21 | 17 | 103 |
| Interview | 0 | 2 | 3 | 2 | 10 | 3 | 8 | 4 | 32 |
| | | | | | | | | | |
| Geographical scope | | | | | | | | | |
| International | 7 | 4 | 6 | 1 | 5 | 1 | 5 | 0 | 29 |
| National | 3 | 1 | 3 | 0 | 3 | 0 | 6 | 10 | 26 |
| European Union | 2 | 0 | 2 | 2 | 7 | 1 | 5 | 0 | 19 |
| Global | 3 | 2 | 0 | 1 | 6 | 0 | 5 | 0 | 17 |
| Regional | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 6 | 9 |
| Local / Municipal | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 2 |
| World Region (e.g. Asia) | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| | | | | | | | | | |
| Industry focus | | | | | | | | | |
| Cross-Sectoral | 10 | 5 | 1 | 1 | 14 | 6 | 2 | 3 | 42 |
| Fashion / Apparel | 1 | 0 | 8 | 1 | 2 | 1 | 10 | 11 | 34 |
| Fashion / Apparel / Textiles | 2 | 2 | 2 | 1 | 5 | 0 | 6 | 1 | 19 |
| Textiles | 1 | 0 | 1 | 0 | 1 | 0 | 1 | | 4 |
| Other: Recycling | 0 | 0 | 0 | 1 | 0 | 0 | 2 | 0 | 3 |
| Other: Fashion related tourism | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |

| Barriers *(average rating scores, 1=low, 5=high)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Unfair competition from low-priced fast fashion | 4 | 4 | 4 | 4 | 3 | 5 | 4 | 4 | 4,0 |
| Lack of access to finance | 4 | 5 | 4 | 3 | 3 | 4 | 4 | 4 | 3,9 |
| Lack of awareness, collaboration and transparency in the value chain | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3,9 |
| Lack of high-quality standard recycled textile materials | 4 | 4 | 3 | 4 | 3 | 4 | 4 | 4 | 3,8 |
| Eco-labels are often time-consuming and expensive to obtain | 4 | 3 | 4 | 4 | 3 | 4 | 4 | 4 | 3,8 |
| Lack of government support for the circular economy | 4 | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 3,8 |
| Lack of standards and harmonised EU regulatory framework | 4 | 3 | 4 | 4 | 3 | 4 | 4 | 4 | 3,8 |
| Complexity of circular design | 4 | 3 | 4 | 3 | 3 | 4 | 4 | 3 | 3,5 |
| Other barriers *(absolute numbers of comments)* | | | | | | | | | |
| Behavioural: Linear consumption patterns | 0 | 0 | 0 | 0 | 4 | 0 | 4 | 4 | 12 |
| Capacity: Lack of business management and marketing skills | 0 | 1 | 2 | 0 | 3 | 0 | 2 | 4 | 12 |
| Collaboration: Conflict of interest among stakeholders in the value chain | 0 | 0 | 2 | 1 | 1 | 1 | 3 | 3 | 11 |
| Capacity: Lack of an integrated information platform | 0 | 0 | 1 | 0 | 4 | 2 | 3 | 1 | 11 |
| Capacity: Lack of understanding of circularity concept | 0 | 0 | 1 | 0 | 3 | 1 | 2 | 1 | 8 |
| Capacity: Lack of technical know-how | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 3 |
| Technical: Lack of economically viable and market proven technologies | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 3 |
| Collaboration: Lack of recycling infrastructure | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| Additional needs (category) | Academia | Accelerator | Designer | Large Company | NGO | Public Authority | SME | Start-Up | Total |
|---|---|---|---|---|---|---|---|---|---|
| Integrated Communities | 0 | 2 | 1 | 1 | 7 | 2 | 6 | 5 | 24 |
| Capacity Building: Accelerator Programmes | 0 | 1 | 0 | 0 | 2 | 0 | 0 | 3 | 6 |
| Regulation: Political Advocacy | 0 | 0 | 1 | 0 | 1 | 0 | 3 | 2 | 7 |
| Capacity Building: Personal Training/Coaching | 0 | 1 | 2 | 0 | 2 | 0 | 1 | 1 | 7 |
| Regulation: Economic Incentives | 0 | 0 | 0 | 0 | 1 | 0 | 2 | 2 | 6 |
| Capacity Building: Online Tools | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |

| Awareness of successful initiatives that help start-ups and SMEs with circular fashion: Y/N | Academia | Accelerator | Designer | Large Company | NGO | Public Authority | SME | Start-Up | Total |
|---|---|---|---|---|---|---|---|---|---|
| Yes | 58,3% | 85,7% | 50% | 50% | 60,9% | 57,1% | 50% | 52,9% | 58% |
| No | 41,7% | 14,3% | 50% | 50% | 39,1% | 42,9% | 50% | 47,1% | 42% |

| Recommended solutions | Circle Economy Textiles Programme | Circular Fashion | Circulytics | Close The Loop | Fashion For Good | Fashion Positive Material Guide | Texfor-Stand-up | The Jeans Redesign | WORTH Partnership | WRAP Textiles 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| Solution Type | Capacity building Tool | Capacity building tool | Capacity building tool | Online Knowledge Hub | Accelerator Programme | Guidelines | Accelerator Programme | Guidelines | Online Knowledge Hub | Online Knowledge Hub |
| Number of | 4 | 3 | 5 | 4 | 13 | 3 | 2 | 2 | 3 | 2 |
| Estimated number of | - | - | 600 | 300 | - | - | - | - | - | - |
| Estimated number of | - | - | - | - | 130 | 15 | 80 | - | - | - |