



Circular Design

Unleashing New Revenue Streams for OEMs

Giovanni Formentini
Aarhus University

Circular Economy for Enterprises

DOKK1, Aarhus

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Speaker Overview



GIOVANNI FORMENTINI

Master Degree: Aeronautical Engineering

PhD: Industrial and Management Engineering in
Complex Product Design Optimization

Currently: Research Scientist (PostDoc)



Academic Collaboration



Scuola universitaria professionale
della Svizzera italiana

SUPSI



POLITECNICO
MILANO 1863

Industrial Collaboration



Circular Economy for Enterprises



Circular Economy for Enterprises



AARHUS UNIVERSITY



TECHCIRCLE



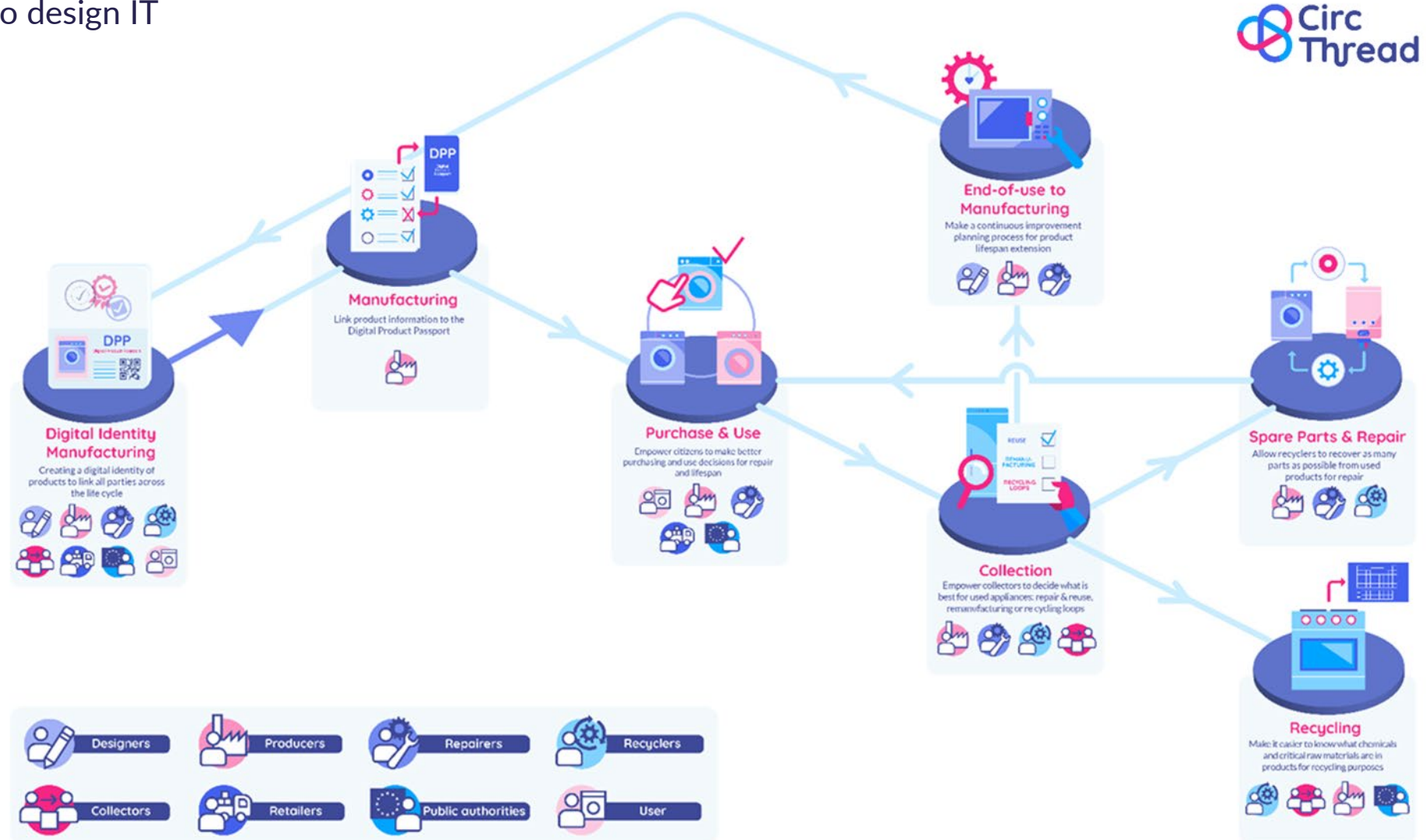
CircThread

The EU project to make appliances truly sustainable

32 partners working together to design IT services:

- to capture
- to manage
- to share

Product Information



Circular Economy

Why now?

Environmental Reasons

- The world population
- Resources are finite
- Need to protect the environment
- Need to reduce raw material dependence



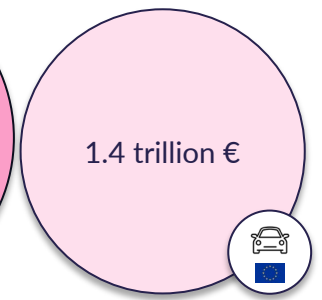
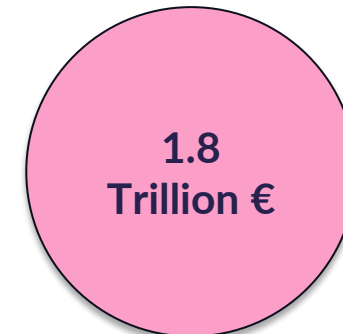
Legislation Reasons

- European Union rules
([Circular Economy Action Plan](#))
- Other countries following
(e.g. Japan - [Circular Economy Vision 2020](#))



Economical Reasons

- Expected Circular Economy Market
1.8 trillion € in EU 2030
([McKinsey&Company](#))

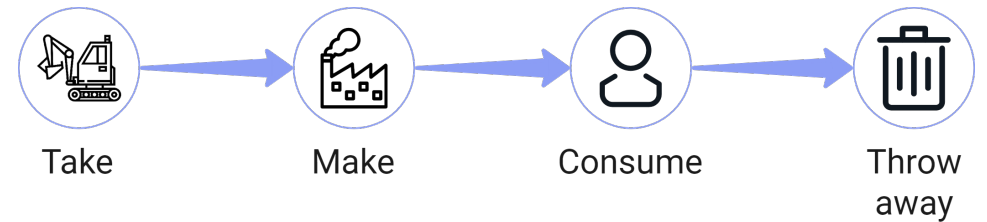


Circular Economy

Overview

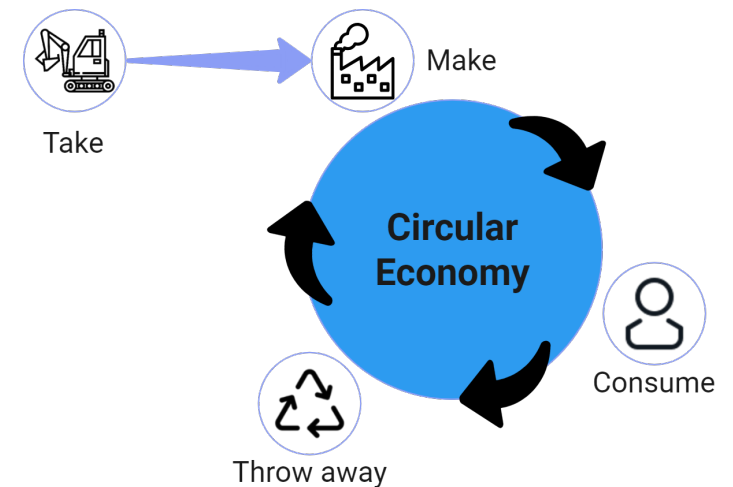
Linear Economy

- Extract materials from the Earth, manufacture products and ultimately discard them as waste.
- Environmental unsustainable
- Economical unsustainable (one buy, one use)



Circular Economy

- Minimize or eliminate waste production.
- Products and materials in use for as long as possible.
- Creation of a closed loop of resource utilization.
- Economical growth (one buy, multiple use)

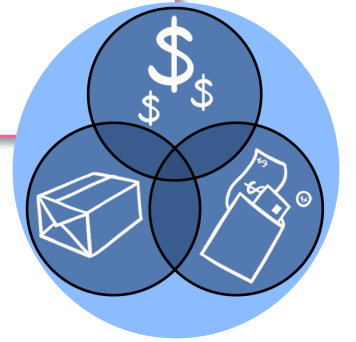


Circular Economy

Generate new revenues, how?

Circular Business Model

*How a company creates and **delivers value** to customers while **minimizing ecological and social costs**, in exchange for a **profit***



CBM examples

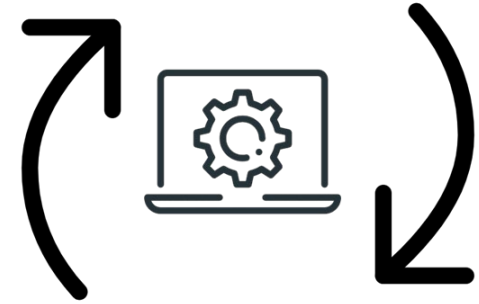
- Circular Supply
- Product life extension
- Sharing
- Resource recovery
- Product-service systems (PSS)

Circular Product Design

Definition

Circular Product Design

Focuses on the development of methods and tools that enable the design of products that are used more than once



Changing the Design of the product is fundamental for enabling Circular Business Models

Circular Product Design

Definition

Product Range: Low to Medium Value ----- Design Strategy: Planned Obsolesce within 3 years

Implementation Circular BM
Product Sharing – Collection after 2 years

No Design Change

Action	Gain	Loss
Company sells product	+1	

Begin of 1st year

With Design Change

Action	Gain	Loss
Company sells product	+1	

Circular Product Design

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Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	

With Design Change

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Company sells product	+1	
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Circular Product Design

Definition

Product Range: Low to Medium Value ----- Design Strategy: Planned Obsolescence within 3 years

Implementation Circular BM
Product Sharing – Collection after 2 years

No Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1

End of 2nd year

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1

Circular Product Design

Definition

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Implementation Circular BM Product Sharing – Collection after 2 years

No Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1

With Design Change

Action	Gain	Loss
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With Design Change

Action	Gain	Loss
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User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company changes target components		-1

Circular Product Design

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Product Sharing – Collection after 2 years

No Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company sells product to another user	+1	

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company changes target components		-1
Company sells product to another user	+1	

Begin of 3rd year

Circular Product Design

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No Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company sells product to another user	+1	
Product breaks down		-1

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company changes target components		-1
Company sells product to another user	+1	

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Product breaks down		-1
Company collects it		-1

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
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Company inspects the product		-1
Company sells product to another user	+1	
Product breaks down		-1
Company collects it		-1
Provides user with another one		-1

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
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Company inspects the product		-1
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Company inspects the product		-1
Company sells product to another user	+1	
Product breaks down		-1
Company collects it		-1
Provides user with another one		-1
Company repairs it		-1

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company changes target components		-1
Company sells product to another user	+1	

End of 3rd year

Circular Product Design

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Company inspects the product		-1
Company sells product to another user	+1	
Product breaks down		-1
Company collects it		-1
Provides user with another one		-1
Company repairs it		-1

With Design Change

Action	Gain	Loss
Company sells product	+1	
User uses it for 2 years	+1	
Company collects the product		-1
Company inspects the product		-1
Company changes target components		-1
Company sells product to another user	+1	


 Total User Served
2

Gain **3**
 Loss **-6**

Gain **3**
 Loss **-3**

Disassembly as a key enabler for Product Circularity

Coercive products for Disassembly System

Products Design for Circularity **must**:

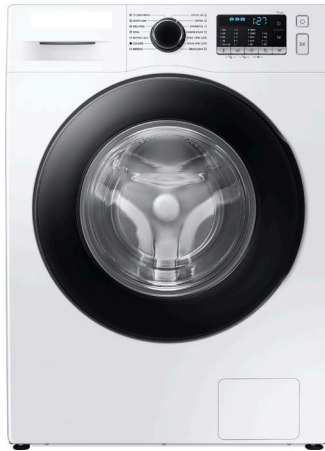
- Be designed considering the whole Disassembly System
- Consider product End-Of-Life Status

Disassembly as a key enabler for Product Circularity

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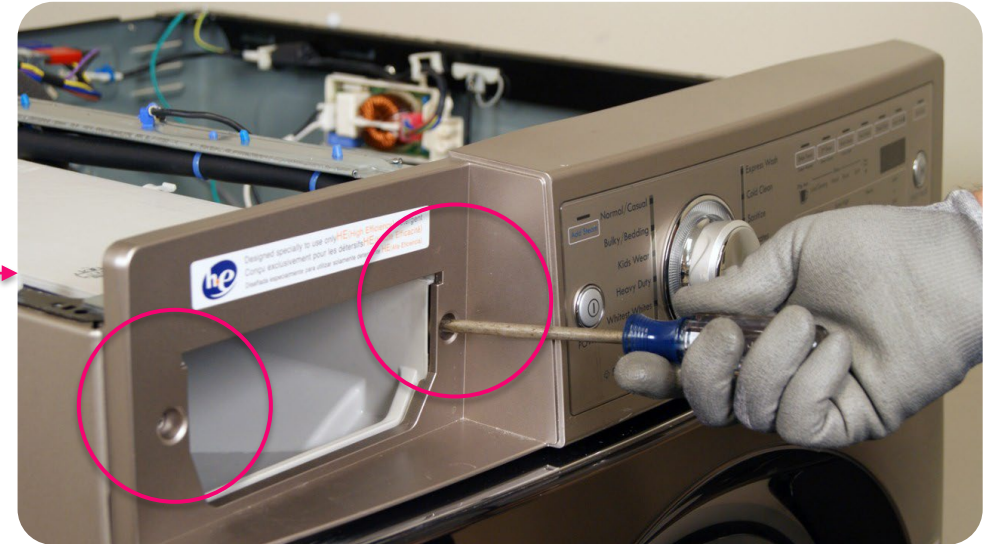
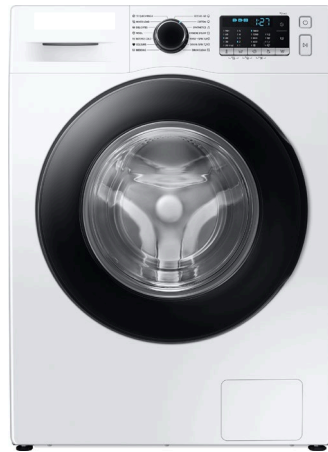


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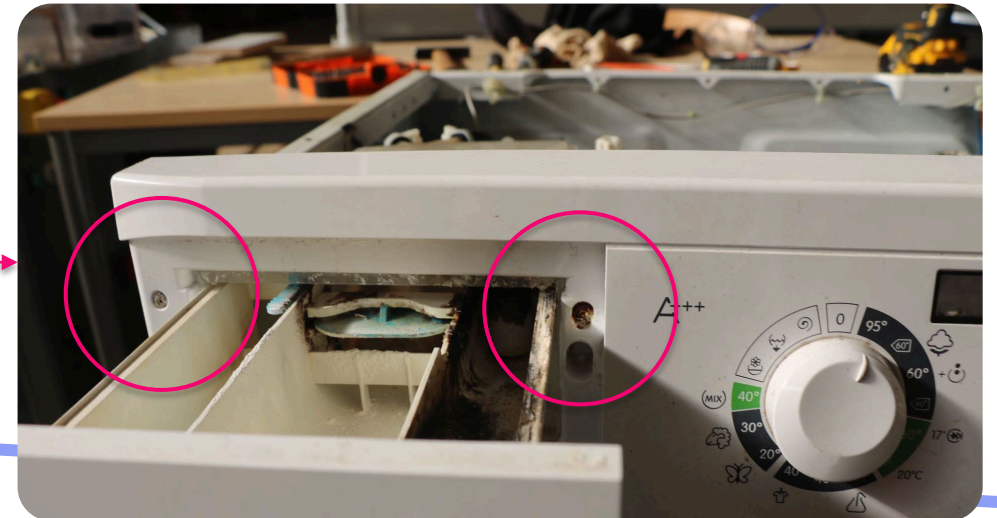
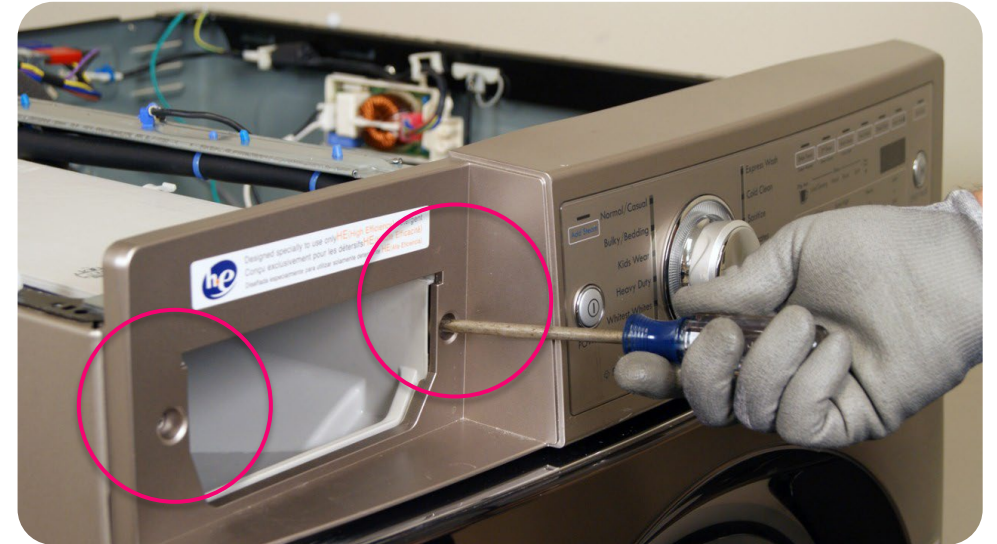
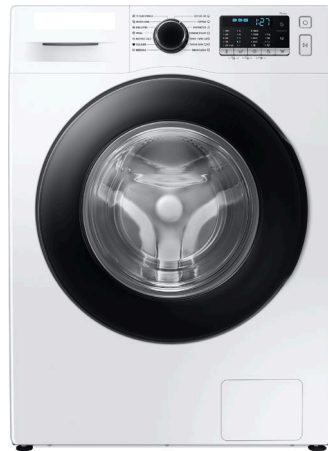


Disassembly as a key enabler for Product Circularity

Coercive products for Disassembly System

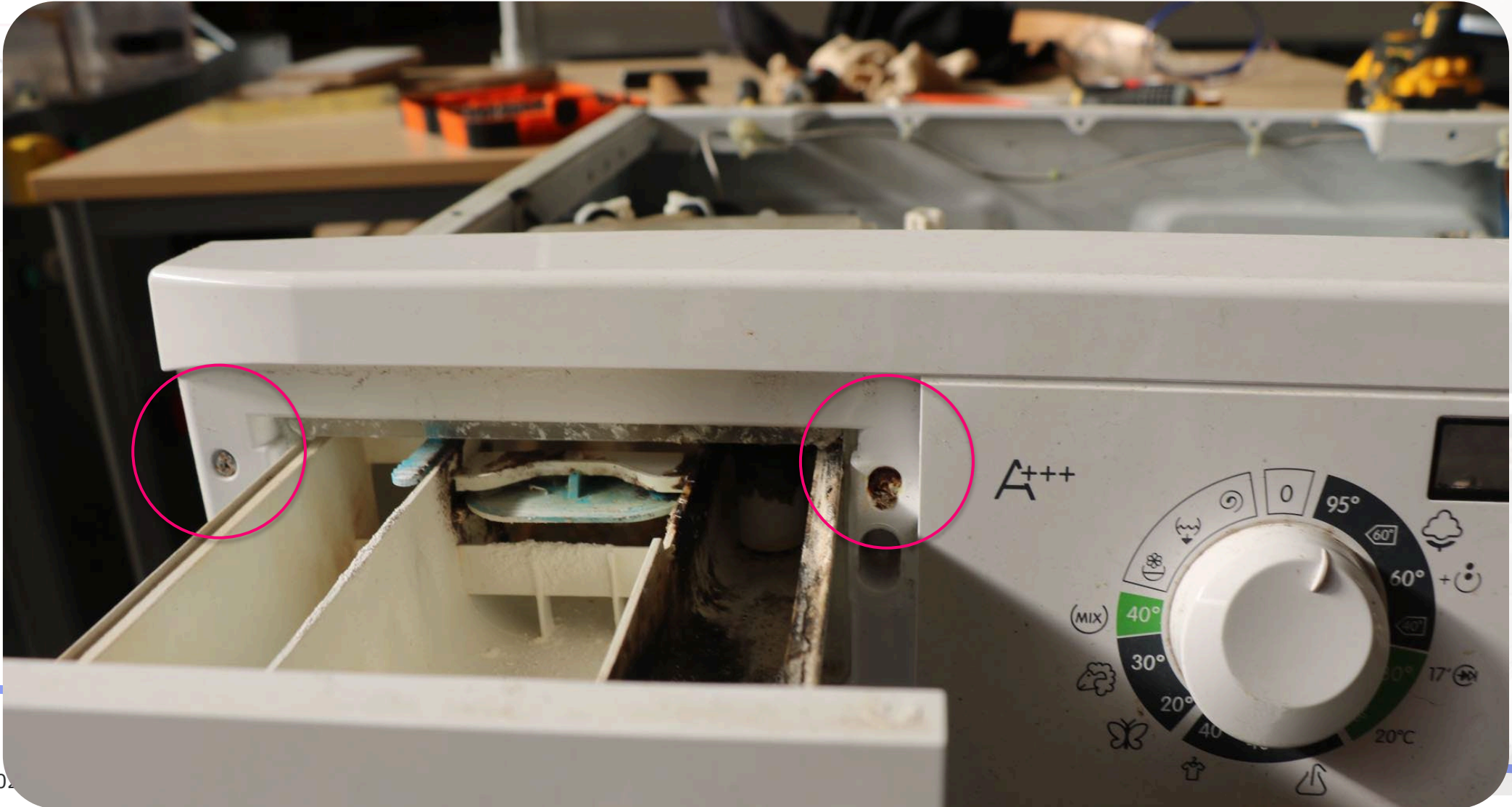
Products Design for Circularity **must:**

- Be designed considering the whole Disassembly System
- Consider product End-Of-Life Status



Disassembly as a key enabler for Product Circularity

Coercive products for Disassembly System



Design for Circular Disassembly

Overview

Design for Circular Disassembly [[Formentini and Ramanujan, 2023](#)]

State of Art methodology for improving product disassembly performances in terms of:

- I. **Reparability** – *identify short comes in the product design that limits the disassembly for reparability*
- II. **Circularity** – *identify disassembly failures in the product that might affect the disassembly of the product at its end-of-life*

Design for Circular Disassembly

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State of Art methodology for improving product disassembly performances in terms of:

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Key points

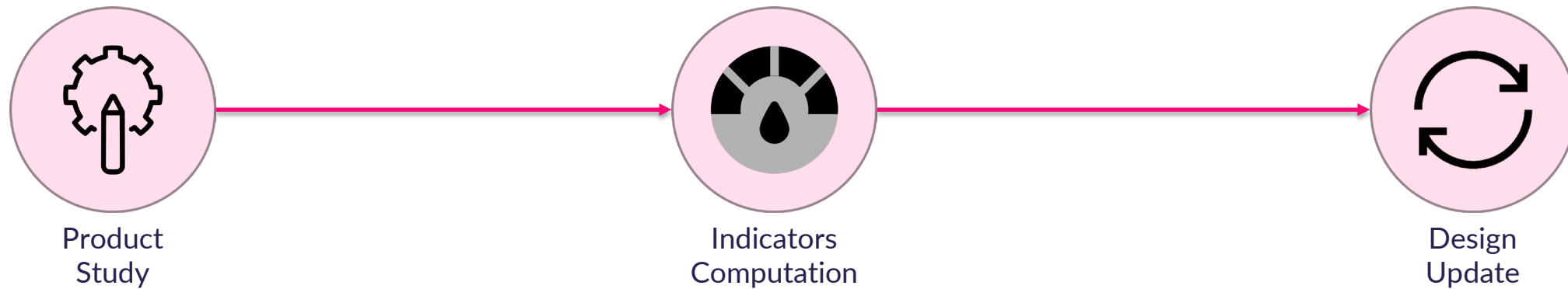
- 1) Consideration End of Life in the Product Design phase
- 2) Consideration of Disassembly Failures
“failures that have a direct impact on the disassembly process, and consequently impact the product circularity”

Design for Circular Disassembly

Overview

Design for Circular Disassembly [[Formentini and Ramanujan, 2023](#)]

Approach Overview

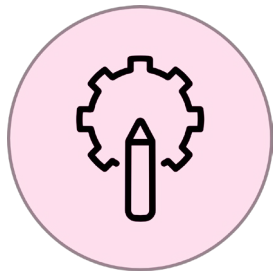


Design for Circular Disassembly

Overview

Design for Circular Disassembly [[Formentini and Ramanujan, 2023](#)]

Approach Overview



Product
Study

Collect Product Information.

- Target Component
- Disassembly Steps
- Disassembly Failures

Design for Circular Disassembly

Overview

Design for Circular Disassembly [[Formentini and Ramanujan, 2023](#)]

Approach Overview



Compute Indicators.

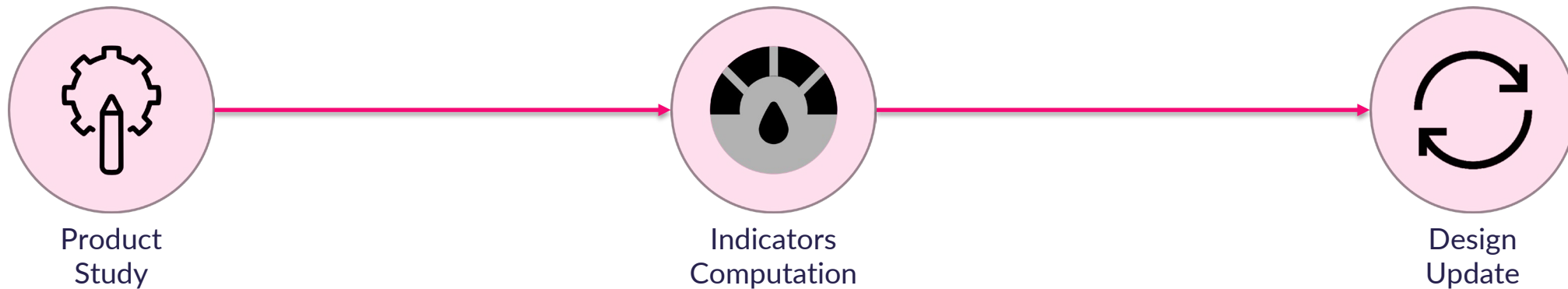
- Disassembly Performances (*Disassembly Effort Index*)
- Circularity Performances (*Circularity Index*)

Design for Circular Disassembly

Overview

Design for Circular Disassembly [[Formentini and Ramanujan, 2023](#)]

Approach Overview



Design Update.

- Compute different Scenario (*if failure X happens, indicator Y increases*)
- Identify Components that need to be redesign
- Update Product Design

Design for Circular Disassembly

Track Record



SIMPLE PRODUCT

Design for Circular Disassembly

Track Record



SIMPLE PRODUCT

Design for Circular Disassembly

Track Record



Disassembly Action	Disassembly Effort Index (DEI) - seconds	
	No Disassembly Failure	Disassembly Failure 1
	<i>Perfect product</i>	<i>Back screw rusted</i>
Separate	1,08	1,08
Unscrew	24,48	57,60
Disconnect	12,96	12,96
Unscrew & Remove	17,28	17,28
Unscrew	20,52	20,52
Unscrew	19,44	19,44
Remove	21,60	21,60
Disconnect	19,44	19,44
Unscrew	6,48	6,48
Unscrew	15,84	15,84
Remove	3,96	3,96
Unscrew	30,24	30,24
Remove	3,96	3,96
Unscrew	12,96	12,96

RESULT 1
Reparability Improvement


Disassembly Action	Disassembly Effort Index (DEI) - seconds	
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Unscrew	15,84	15,84
Remove	3,96	3,96
Unscrew	30,24	30,24
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Unscrew	12,96	12,96

RESULT 2
Circularity Improvement

Design for Circular Disassembly

Track Record


To improve product Reparability, redesign the most demanding action when the product is *perfect*.


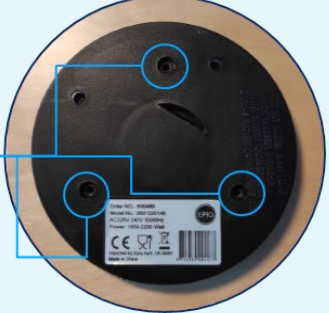
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	<i>Perfect product</i>
	
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Design for Circular Disassembly

Track Record

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Unscrew		30,24
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Unscrew		12,96



Redesign focus for REPARABILITY

Change the sheet metal screws with snap-fits, to improve reparability

Design for Circular Disassembly

Track Record



To improve product Circularity, redesign the actions that are most demanding/require destructive actions when the product has *Disassembly Failures*.

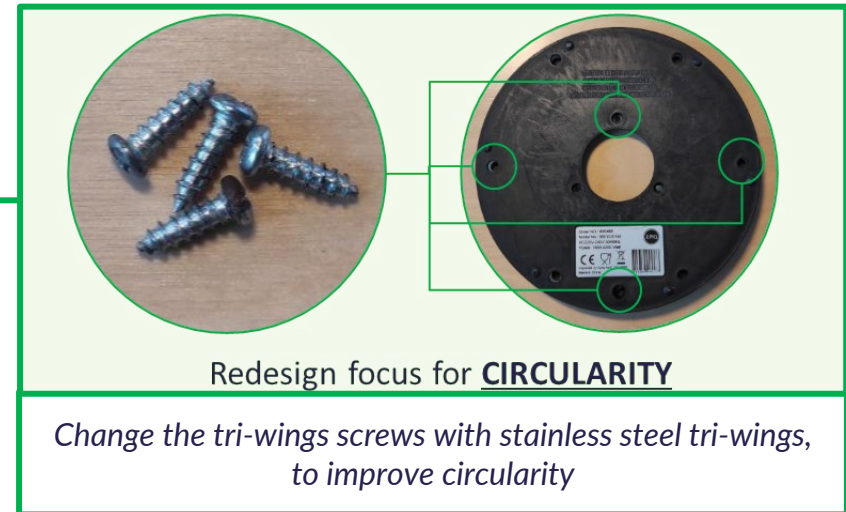
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Design for Circular Disassembly

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Redesign focus for **CIRCULARITY**

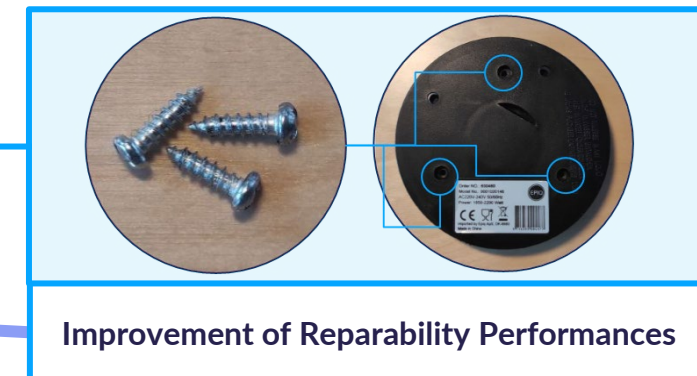
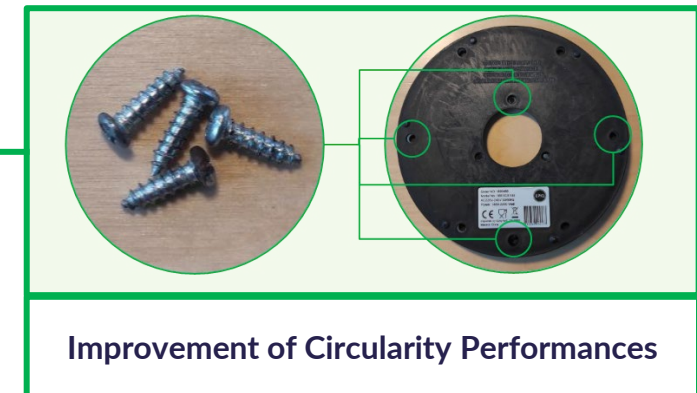
Change the tri-wings screws with stainless steel tri-wings, to improve circularity

Design for Circular Disassembly

Track Record

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Design for Circular Disassembly

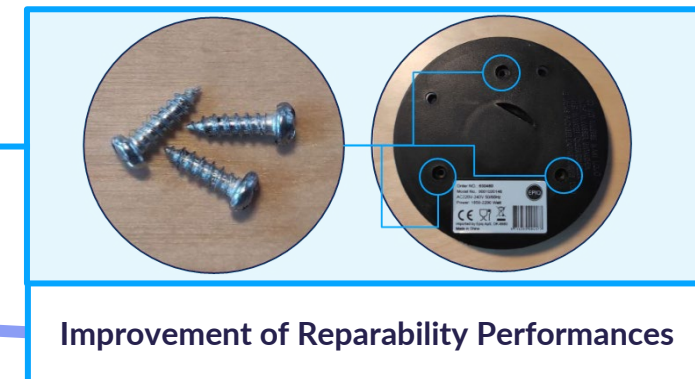
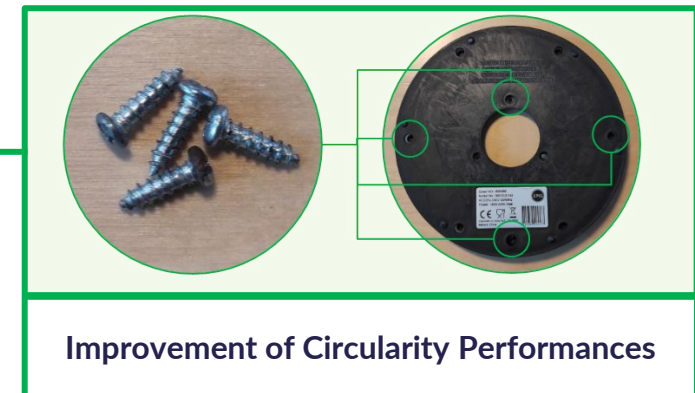
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Different Goal

Different Focus



Design for Circular Disassembly

Economic evaluation

Is Design Relevant?



Disassembly Failure 1

OEM				
Product Price	€	450,00	€	450,00

Assumptions

- Average Rate Operator 35€/h
- OEM Selling Price 450€
- Motor Price 15€

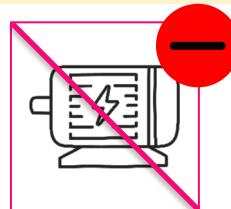
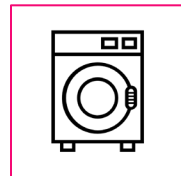
Design for Circular Disassembly

Economic evaluation

Is Design Relevant?



		<i>Disassembly Failure 1</i>	
OEM			
Product Price	€	450,00	€ 450,00
OEM RECOVERY			
Disassembly Time (hour)		1	1,3
Disassembly Cost	€	33	€ 47
Target Components Recovered		<i>All</i>	<i>All but Motor</i>



Assumptions

- Average Rate Operator 35€/h
- OEM Selling Price 450€
- Motor Price 15€

Design for Circular Disassembly

Economic evaluation

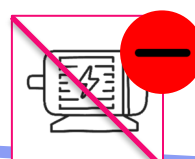
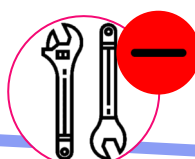
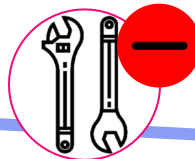
Is Design Relevant?



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Target Components Recovered		<i>All</i>	<i>All but Motor</i>
ECONOMIC EVALUATION			
Recovered Value			
<i>Value obtained from the disassembly of the product</i>	€	417	€ 388

Assumptions

- Average Rate Operator 35€/h
- OEM Selling Price 450€
- Motor Price 15€



Design for Circular Disassembly

Economic evaluation

Is Design Relevant?



Assumptions

- Average Rate Operator 35€/h
- OEM Selling Price 450€
- Motor Price 15€

		<i>Disassembly Failure 1</i>	
OEM			
Product Price	€	450,00	€ 450,00
OEM RECOVERY			
Disassembly Time (hour)		1	1,3
Disassembly Cost	€	33	€ 47
Target Components Recovered		<i>All</i>	<i>All but Motor</i>
ECONOMIC EVALUATION			
Recovered Value			
<i>Value obtained from the disassembly of the product</i>	€	417	€ 388
Lost Opportunity Cost	€	-	€ 14
<i>Lost gain due to bad design</i>			€ 15
TOT	€	-	€ 29

Increase of Disassembly Time

New Motor Cost

Design for Circular Disassembly

Economic evaluation

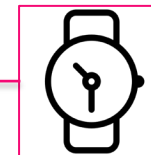
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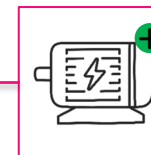
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Increase of Disassembly Time



New Motor Cost

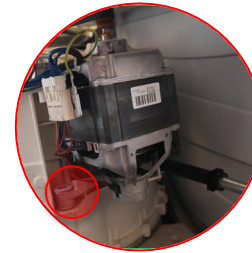
Design for Circular Disassembly

Economic evaluation

Is Design Relevant?

Assumptions

- 10.000 Washing Machine/year



Disassembly % of WM	Economic	Perfect Conditions	Disassembly Failure 1
10%	<i>Recovered Value</i>	€ 416.808	€ 388.042
	<i>Lost Opportunity Cost</i>	N/A	€ 28.767
30%	<i>Recovered Value</i>	€ 1.250.425	€ 1.164.125
	<i>Lost Opportunity Cost</i>	N/A	€ 86.300
50%	<i>Recovered Value</i>	€ 2.084.042	€ 1.940.208
	<i>Lost Opportunity Cost</i>	N/A	€ 143.833
80%	<i>Recovered Value</i>	€ 3.334.467	€ 3.104.333
	<i>Lost Opportunity Cost</i>	N/A	€ 230.133
100%	<i>Recovered Value</i>	€ 4.168.083	€ 3.880.417
	<i>Lost Opportunity Cost</i>	N/A	€ 287.667

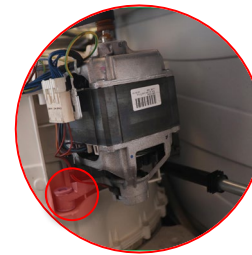
Design for Circular Disassembly

Economic evaluation

Is Design Relevant?

Assumptions

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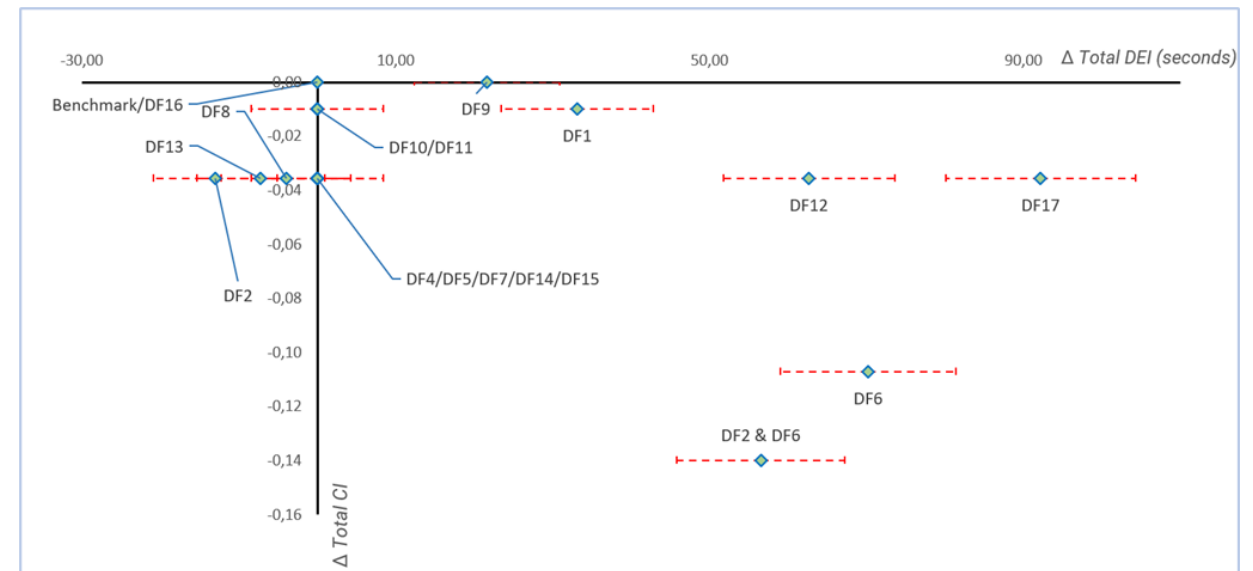
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7%
Bad Design

Design for Circular Disassembly

Other considerations

- Disassembly Failures
 - More than 1 Disassembly Failure can happen at once
 - Need to consider *Statistical Information* about the product
 - Need to have a flux of products to analyze
 - Required access to the right data



Design for Circular Disassembly

Other considerations

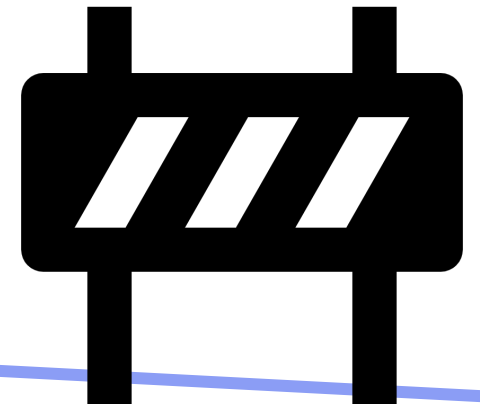
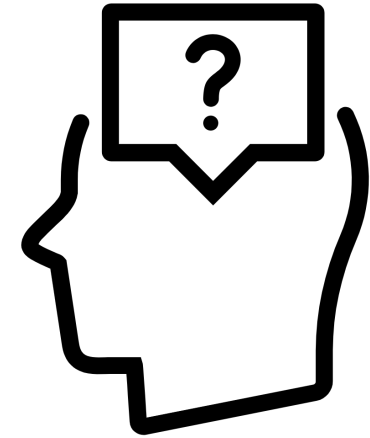
- Disassembly Failures
 - More than 1 Disassembly Failure can happen at once
 - Need to consider *Statistical Information* about the product
 - Need to have a flux of products to analyze
 - Required access to the right data
- Economical Benefits
 - Critical Raw Material
 - Upcoming Value (...we live in a world with finite resources)
 - Component Reuse for
 - New Product
 - Refurbish Products
 - Reduce warehouse capacity
 - Extend Customer Support



Design for Circular Disassembly

Limitations and barriers

- Data information exchange among stakeholders
Product End-of-Life Condition? Recyclers?
- Data availability inside the company and at the right time
Disassembly information available when the product is designed? Disassembly steps? Target Components? Disassembly time?
- Lack of system understanding
How will the change in my product design affect the disassembly process? How is the reverse logistics? How will affect recyclers? Customers?
- Fast Product Development Processes
Short development phases, Fast lead time
- Big company structures
Cross-Department collaboration Deep changed to whole structure





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Thank you.



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