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# **CIRCULARITY: THE POSSIBILITY OF SCALING THROUGH PILOTS**

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**INSIGHTS AND LESSONS FROM BRAND PILOTS ON BUILDING  
CIRCULAR MODELS AT A SCALE**

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## WHY WE USE PILOTS

Business is required to innovate to stay competitive or relevant. Innovation is about bringing something new to the table, a feature, a service, a product, a way of doing business. New means different, and that requires change to how things are done today.

When companies want to change, there are various tactics that they can take to usher this change into being. And doing tests, commonly known as pilots, is one of those tactics.

A “pilot” traditionally refers to someone guiding a vessel or aircraft safely through uncertain or uncharted territories. In business, a pilot project explores untested waters, helping stakeholders understand how a new idea, product, or process will work before committing to a full-scale launch.

Pilots are used to reduce risk, but they are also a useful process to educate and bring the team along through a mindset shift. These shifts take time, and the pilot can provide the structure for this change.

In our experience, if pilots are designed to derisk, to bring teams along and to scale innovations, why do we still see a vast majority of brands piloting circular projects inside of a linear business, rather than a scaled version of a circular business?



*“To reduce the risk of failure across the entire organization by testing the idea in a small, controlled setting so that you can further refine your solution before you roll it out.”*



## **CIRCULARITY AS THE ULTIMATE INNOVATION**

The common business model structure is what we would call a linear model. Linear because the business creates products and sells them. When customers are done with them are disposed of, the product goes one way, and the value of the product is lost at the end of its one use. The circular model by contrast is designed to capture value all along the supply chain and lifecycle of the product, such that there is no waste and additional financial value is captured. In this case a business designs itself and its product to be resold, repaired and recycled.

An opportunity exists to shift towards a circular business model for brands in the apparel industry to increase revenue, reduce their carbon and waste as well as meet upcoming regulations. Even though the concept has been around for over a decade it still feels innovative to shift one's business model.

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## FINDINGS FROM EVALUATING 10 PILOTS FROM TRW AND BLECKMANN'S EXPERIENCE

Since <sup>2015</sup>, The Renewal Workshop on its own and during the three years since the acquisition by Bleckmann, we have participated in over <sup>20</sup> pilots for brands exploring resale as part of their circularity strategy.

To embrace circularity as a part of businesses core strategy means that the company has adopted a growth strategy that relies on resale, repair, recycling as part of overall business growth and has adapted design, systems and financials to reflect that. Surprisingly, the majority of the brands are still in a pilot phase. The shift to scale circularity as part of the core business strategy is rare.

We were curious why that was and identified ten of the pilots that were thoughtfully structured to analyze what worked and what didn't. We hope that the results of this paper help influence brands across the industry to conduct successful pilots or even adjust current pilots so that they can scale into meaningful change for Circularity.





## TWO APPROACHES

When we looked at the ten pilots for our research four of them took to the “jump right in” approach, while the others slowly made their way into the pool.

Those that could jump right in either had strong leadership who said “make this happen” or there was a team that had a lot of autonomy or political capital within the company to executive on this.

For those who eased their way in, they had to use the pilot process to build social and political capital with leadership and demonstrate their idea.

Companies that could jump right in were quick to commit to a business model and begin setup, versus spending a lot of time deliberating on the options before committing at a smaller scale.

Regardless of the approach, both types of companies struggled with scaling and faced many of the same structural challenges in their pilots.

It is worth mentioning that we had one outlier. They launched their program and continued to refine it over time, such that it is an integrated part of their overall business.

The others experienced various challenges that pilots face. By looking at these we were able to identify themes and could organize them into learnings for others to take note of and address.

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## WHAT MAKES A GOOD PILOT

It is helpful to understand what is required for a successful pilot.

**Clear Objectives:** Define specific, measurable, achievable, relevant, and time-bound (SMART) objectives for the pilot to provide a clear sense of purpose and success criteria.

**Target Audience:** Carefully select a representative group or audience that closely mirrors the intended users or beneficiaries of the full-scale project.

**Data Collection and Analysis:** Establish robust data collection methods, and employ data analytics tools to gather relevant insights, enabling data-driven decision-making.

**Feedback Mechanism:** Create a structured feedback loop that encourages pilot participants to report issues, provide suggestions, and share observations throughout the program's duration.

**Adaptability:** Be flexible and prepared to adapt based on the findings and feedback from the pilot. A willingness to make changes is essential for program success.

**Evaluation:** Data and feedback collected during the pilot phase are rigorously analyzed to inform decisions for broader implementation.

**Scale:** take the learnings from the evaluation and momentum to roll out a scaled version.

The pilot process should be clearly structured with metrics and goals and also open to discovery and adaptation during the pilot time period.

In this case, the pilots centered around brands who were looking at taking on resale as a part of their corporate business strategy.

*“The flaw brands make is mistaking the pilot as the finish line.”*



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## WHAT WE LEARNED

**Clear Goals** - For the majority of the pilots in our sample, the focus was to get the resale program off the ground. The goal was “launch day”. The critical last step in the pilot best practices was missing – how to scale once off the ground.

Across all the pilots was a moment that followed celebrating all the hard work, from designing the pilot, creating the metrics, and evaluating its success, to then moment of looking at each other and saying NOW WHAT?

This seems crazy to most when we reflect on the investment made. Why would a company go to all the effort of designing and launching a pilot, but then not scale it. We identified two categories. One – there was never an intention to scale this, the pilot was the end goal, to appease certain stakeholders and leave it be. The other is that the pilot did its job and demonstrated that there was too much risk to scale.

For brands with pilots or about to launch one, our advice is focus on the scaling aspect of the pilot from the beginning, get clear on the goal. Innovation in other parts of your business happen when you set an ambitious goal to deliver something to market that you stand for, so plan your goal to go all the way to scaling the solution. Plan for scale, set your goal to scale as this will influence how you design your pilot as we will explore further.

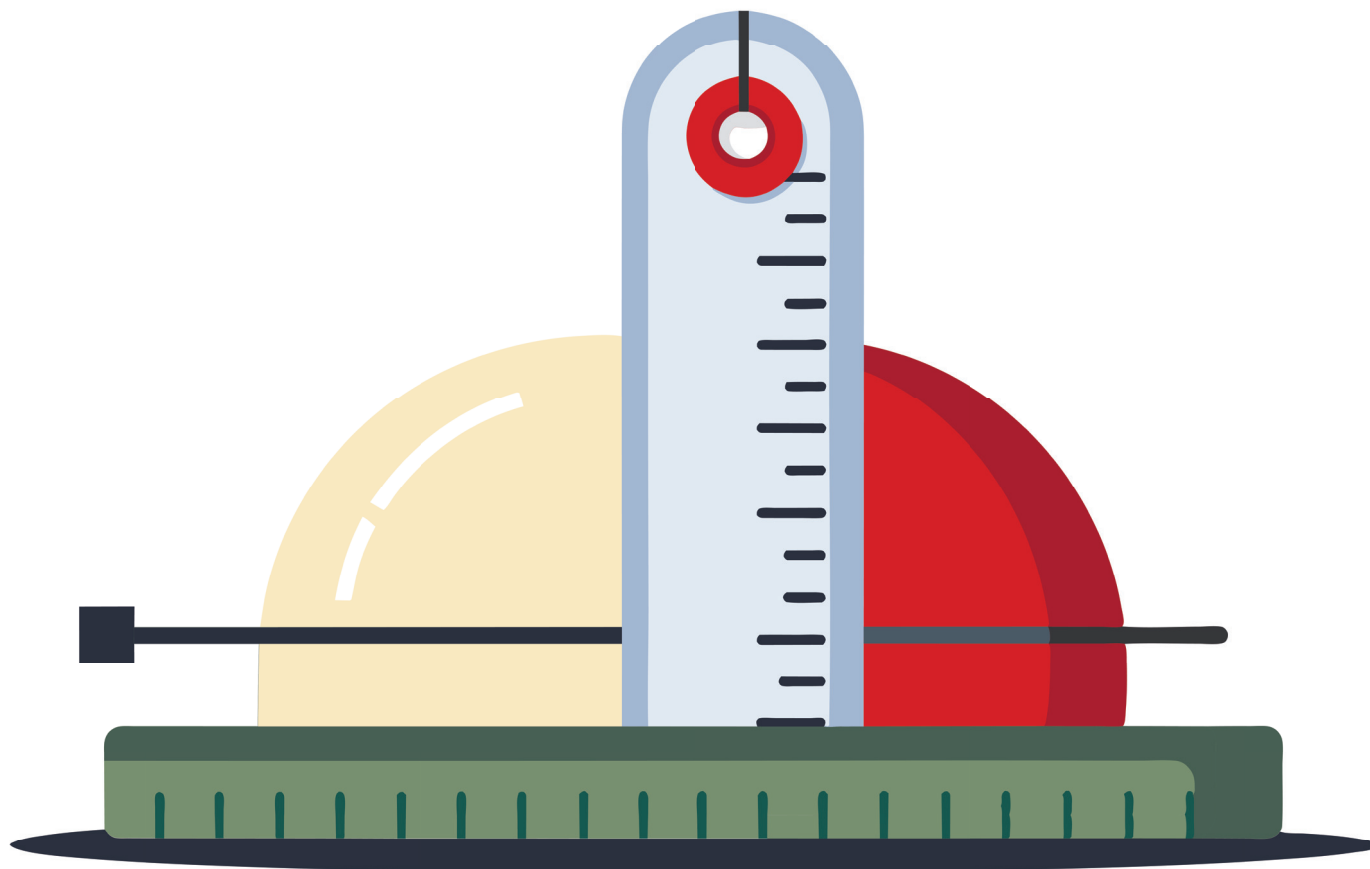
**What Good Metrics Looks Like** - Knowing from the beginning what success needs to look like helps your future self-evaluate with a clear view. Then you can be realistic about how well the pilot actually delivered. Setting metrics for evaluation after that fact clouds perspective and skews the data.

Clarify the WHY – why are you running this pilot, what do you want to test? This will help influence which metrics you select. But don't stop there, also ask the question “What decision will we make with this data?”

When you select your metrics determine what the results mean in advance. For example, if we see a <sup>25</sup>% increase in customer re-engagement, what does that mean for our company. How will we use this information.

By setting up some predetermination brands can help themselves at the end of the pilot to better interpret the data and use that to ladder up to a specific decision.





## PARAMETERS AND METRICS

Some of the brands we worked with had excellent parameters for the pilot and metrics. We summarized the best to share here.

### Practical

- Did we walk through the tactical steps of setting up a renewed program including accessing product, data, developing a program name and branding, testing process flows, coordinating internal teams who would be impacted.

### Operations

- How will we renew items, get them in inventory, which sales channels will be used
- Profitability of operations to sales

### Sales on renewed products

- Average resale price
- Number of units in an order
- Return rates for renewed items
- Financial Performance (Sales, Margin, Sell-Through)
- Ecommerce Performance (Revenue, Traffic, Conversion)
- Scrap Revenue and Disposal Savings

### Environmental impact

- Number of units/weight of products diverted to resale
- Carbon per \$ sold

Each brand is going to place higher value on certain metrics. This is why you need to set your own goals and thresholds in advance.

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## COMMITTING TO THE SUCCESS

As outlined in the suggested metrics, the core metrics focused on sales and customer engagement. Yet, there was a hesitancy to market the pilots directly to customers.

Instead, we saw brand's marketing and PR teams pitching the launch of the resale pilot just to media networks. There was a lower risk in telling the story of launching their resale pilot to this audience.

Across the board the press picked up the stories and gave a lot of credit to the brand and the idea of resale and what this could mean to change our industry and its reliance on only selling new items. The media likes trends.

However, marketing to the brand's current customers was limited. The most we saw was an email that the brand sent out to their customer list announcing the pilot. Rarely did we see follow-up emails or consistent marketing towards the resale program. In some cases, there was NO communication with customers. The only traffic being driven was through industry media.

For many of the brands, they pointed to the industry press, chalked it up as a success and that was it. But if they had metrics around sales or customer engagement and the numbers were low, it was seen as unsuccessful. When in fact engagement with customers was missing from the pilot itself.





## RARELY STRUCTURED FOR SCALING

The core question of why the company was doing the pilot was evident at the end of the pilot. We met with every one of the brands and did a summary of the pilot development, the implementation, the sales, customer engagement and made a recommendation for scaling the program. Our audience was usually the team that launched the pilot with us, they were excited to get the feedback and use it. And then there was silence.

We were waiting for the next step – taking what we learned and evolving it and scaling it. But what we realized was that the goals of the pilot were more about learning some information, not about scaling.

For example, at the end of one pilot, a brand had used a specific inventory segment but was unable to supply a continuous stream of inventory for an ongoing resale program. In this case it meant that we had to pull in other teams or change a process at the distribution center. These were now new processes. Instead, these teams and the process should have been involved in the pilot.

In another pilot the marketing department planned one email to their customer base for the announcement. It drove traffic to the resale products and increased sales for these products. However, after the pilot there was no follow-on marketing strategy to maintain the initial success. The marketing box was checked, and it was back to business as usual, shifting focusing to other initiatives and stories which caused sales to fall flat in the long term.

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## OUR RECOMMENDATIONS TO BRANDS WHEN DESIGNING YOUR PILOTS

Based on our experience, if you are a company that is interested in scaling circularity the pilot process can be an incredibly useful tool, but you must design your pilots correctly to benefit.

- **Identify what you want to pilot**

What is it that you want to test and why. It might be that you are able to design a pilot for scale, then do so. Be clear that this pilot is the first step in the scaling version and use that to design the pilot correctly. It is also fair that your company isn't ready for scale, so design your pilot to learn what you need to then design Phase <sup>2</sup> of your pilot that could scale. Be clear from the beginning about what you are trying to accomplish.

- **Before you start, imagine you already won**

It is easy to imagine if the pilot is unsuccessful and you stop the work, that will look like the world you are in today. You can continue business as usual. But it is more helpful to imagine the pilot is successful. Then ask yourself, OK we prove all the metrics, and now we want to scale this. Who and what then needs to be involved in the process. Once you identify that you can pull those people in early to get their feedback, what will they need to see in the pilot to help them at scale. This exercise will unearth the true metrics that you need to be testing and including in your pilot.

It is really easy to scope back everything to something you can do with force and grit, but making it mainstream as part of regular business operations is much harder. The pilot process is a useful tool if used correctly. Understand what scale looks like, where circularity is part of daily operations and work backwards from there. What do we need to test, what information do we need, who do we need to change their workflows.

*“Design a pilot for winning.”*

- **Is everyone in the room**

Once you have articulated what success looks like, is everyone that would be a part of scaling the pilot in the room? Even if the team who will scale is not in the weeds of the pilot, bring them along the process, so they can start to think about how this will impact their roles and the business overall.

- **The reality of bigger things gets in the way. Find the clues.**

Designing a pilot for circularity is enviably going to hit a barrier within the company where either the financials, the product, the technology, the systems, the processes were not designed for any besides a business as usual, making and selling products once.

So, when your pilot is making asks of any of these parts of the business to do something differently, there could be major resistance. Either from leadership, that doesn't really want or know how to change or a process or technology that literally cannot do the thing you need it to.

Learn this lesson early and then stop and work on addressing that. These issues are real, and yes you can find sneaky work arounds for them, but that's not going to help you scale.



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- **Maybe a pilot is the best you are going to get**

There is the other reality where the circumstances of your company are such that the pilot is the best you are ever going to get, and maybe a limping along pilot that hangs onto the business is your success.

And just be honest with all the stakeholders about what this is. Service providers and colleagues will keep pushing the pilot to be something it isn't or can't be because of the circumstances of your business. You will save a lot of wasted effort by just acknowledging that the pilot is your finish line.

Circularity is not just a small adjustment—it's a fundamental shift in a business model. It requires rethinking financial success and restructuring the business to fully leverage investments in products, customer engagement, technology, and operations.

Pilots can sometimes serve as a way to maintain the status quo while creating the illusion of change. When companies approach pilots with this mindset—or if it's the only approach that gets support—built-in limitations prevent scaling from the start. Without the necessary resources or commitment, a pilot is set up to remain just that—a pilot.

For circularity to scale, companies must genuinely want their pilots to succeed and expand. Successful pilots are achievable. The key is to define clear goals, establish metrics to measure progress, and, when a pilot proves effective, commit to moving beyond it. To make circularity a core part of your business, you must actively push past the pilot phase and integrate it into your long-term strategy.



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