

Tool 7.2 Circular Capabilities Framework

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Phase 7 - Implementation and Operationalisation

Objective of the Tool

The Circular Capabilities Framework is a structured diagnostic tool designed to help organisations identify, assess, and prioritise the organisational capabilities required to design, implement, and scale circular business models. By mapping readiness across nine capability dimensions, the tool produces a capability profile that reveals where an organisation has established solid foundations and where significant gaps remain.

The tool is grounded in the dynamic capabilities perspective (Teece, 2007; Eisenhardt & Martin, 2000), which holds that sustained competitive advantage in circular transitions depends not only on resources but on the higher-order capabilities to sense opportunities, seize them through adapted business models, and reconfigure internal processes and assets accordingly. Applied to circular economy contexts, these capabilities span strategic leadership, design thinking, operational execution, supply chain collaboration, digital infrastructure, customer engagement, financial analysis, and cultural change management.

What the Tool Is

The framework assesses capability readiness through 45 diagnostic questions across nine dimensions, using a 0–3 maturity scale. Results are automatically aggregated and visualised as a radar chart, offering a clear snapshot of the organisation's circular capability profile and supporting targeted action planning.

When to Use the Tool

The Circular Capabilities Framework is particularly useful when organisations are:

- Preparing for or launching a circular business model transformation and needing to understand where capability gaps may slow implementation.
- Following up on a circular vision or strategy exercise and wishing to identify the enabling capabilities required to execute it.
- Conducting an internal baseline assessment before entering a circular innovation pilot or partnership programme.
- Preparing a capability development plan to present to leadership, boards, or investors as part of a circular transformation programme.
- Comparing capability readiness across business units, subsidiaries, or partner organisations within a shared ecosystem.
- Identifying priority areas for training, recruitment, process improvement, or technology investment in support of circular goals.
- Monitoring the development of circular capabilities over time by re-applying the tool at defined intervals (e.g. annually or following major organisational changes).

How to Use the Tool

The tool is structured as a five-sheet Excel workbook. Each sheet performs a distinct function in the assessment workflow. The process is designed to be completed in sequence, beginning with the Introduction and working through to the Results and Chart sheets.

1. Read the Introduction sheet. Open the Introduction sheet first. It explains the tool's objective, the nine capability dimensions, the four-point maturity scale, and the workflow connecting all sheets. Familiarise yourself with the terminology before entering any scores.
2. Complete the Questionnaire sheet. For each of the 45 diagnostic questions, enter a score between 0 and 3 in the Score column. Use the maturity scale as your reference. Scores should reflect the current state of the organisation, not its aspirations or plans. Where uncertainty exists, use team discussion to reach a consensus score rather than selecting a default.
3. Review the Results sheet. Scores automatically aggregate into average scores per capability dimension. The Results sheet displays the average score (0–3), the corresponding maturity level label, a visual bar representation, and a short interpretation for each dimension. Review these results as a team to validate whether the aggregated scores reflect collective experience.
4. Examine the Chart sheet. The Chart sheet generates a radar diagram visualising the organisation's capability profile across all nine dimensions. A larger shaded area indicates stronger overall capability readiness. Concentrated gaps in the radar highlight the dimensions most in need of development attention.
5. Consult the References sheet. The References sheet lists the academic sources underpinning the framework. Consult it to deepen understanding of specific dimensions or to support internal or external reporting with bibliographic references.
6. Translate findings into action. Use the capability profile and dimension-level interpretations to identify priority development areas. Dimensions scoring below 1.5 (Emerging or Not in place) typically require foundational capability-building actions. Link identified gaps to the FRANCESCA Circular Transition Roadmap (Tool 9.1) to translate assessment findings into structured objectives, owner-assigned actions, and time-bound implementation plans.

Expected Output

Completing the tool produces:

- A scored capability profile covering 45 diagnostic questions across nine circular capability dimensions, providing a granular map of organisational readiness.
- Dimension-level average scores (0–3) with maturity level labels (Not in place / Emerging / Partially implemented / Fully implemented) and short interpretive guidance for each dimension.
- An overall circular capability score summarising the organisation's aggregate maturity level across all nine dimensions.
- A radar chart visualisation of the capability profile, suitable for inclusion in management presentations, strategy documents, or external reporting.
- A prioritised list of capability gaps and development areas derived from the dimension-level results and interpretations.
- A live diagnostic instrument that can be re-applied at future intervals to track capability development progress over time.

Capability Dimensions

The framework covers nine capability dimensions. Each dimension contains five diagnostic questions probing distinct capability areas within that domain.

Capability Dimension	Focus
Strategic & Leadership	Assesses whether circularity is embedded in corporate vision, priorities, KPIs, and decision-making.
Business Model Innovation	Evaluates the ability to design, experiment with, and adapt circular business model configurations.
Design & Product Development	Reviews capabilities related to designing products and services for durability, repairability, modularity, and lifecycle extension.
Operational & Process	Examines operational readiness for reverse logistics, repair, refurbishment, remanufacturing, and quality assurance.
Supply Chain & Ecosystem	Assesses collaboration capabilities with suppliers, recovery partners, and circular ecosystem actors.
Digital & Data	Evaluates traceability, Digital Product Passport readiness, analytics, and interoperability.
Customer & Market	Reviews capabilities to communicate circular value, engage customers, and influence behaviour.
Financial & Risk Management	Assesses lifecycle costing, residual value logic, investment evaluation, and financing readiness.
Culture & Change	Evaluates internal alignment, incentives, skills, training, and change management capacity.

Maturity Scale

Each diagnostic question is scored on a four-point maturity scale. The scale is designed to reflect real organisational development stages rather than ideal states, enabling honest self-assessment.

Score	Maturity Level
0	Not in place
1	Emerging / informal
2	Partially implemented
3	Fully implemented / systematic

Scores of 0 indicate that no relevant practice, process, or capability is in place. Scores of 1 reflect informal or ad hoc efforts without systematic embedding. Scores of 2 reflect capabilities that are implemented in some areas but not consistently across the organisation. Scores of 3 reflect capabilities that are systematically embedded, regularly practised, and supported by clear processes, tools, and accountabilities.

Sheet-by-Sheet Guide

Introduction *Provides the tool's conceptual foundation and user guide.*

Purpose

This sheet orients the user before any data entry begins. It explains the tool's objective, summarises the nine capability dimensions, introduces the four-point maturity scale, and provides a condensed step-by-step workflow. Reading the Introduction sheet is the recommended first step for any new user or facilitation team.

Guidance

All users should read the Introduction sheet before completing the Questionnaire. When using the tool in a facilitated workshop setting, the facilitator may use the Introduction content as the basis for a brief framing presentation before beginning the scoring exercise.

Questionnaire *Contains all 45 diagnostic questions organised by capability dimension.*

Purpose

This sheet is the primary data entry interface for the tool. It contains all 45 diagnostic questions, structured across nine capability dimensions with five questions per dimension. For each question, the user enters a score from 0 to 3. The Maturity Level column automatically translates each score into the corresponding label (Not in place / Emerging / Partially implemented / Fully implemented) using the lookup reference at the bottom of the sheet.

Structure

- **Capability Dimension:** The broad capability category (e.g. Strategic & Leadership, Digital & Data) grouping the question.
- **Focus / Capability Area:** The specific capability sub-area within the dimension that the question addresses.
- **Diagnostic Question:** The assessment prompt formulated as a direct question for team discussion and scoring.
- **Score (0–3):** The numeric score entered by the user following team discussion or individual reflection.
- **Maturity Level:** Automatically derived label corresponding to the entered score.

Guidance

Scores should reflect current organisational reality, not aspirations or intentions. When scoring in a team context, aim for consensus through discussion rather than averaging independently submitted scores. If there is significant disagreement within the team on a score, this disagreement itself is valuable diagnostic information and should be noted. All 45 questions must be answered for the Results sheet to produce accurate aggregated scores. Do not leave any score cells blank; enter 0 if a capability is fully absent rather than leaving the cell empty.

Results *Aggregates scores and provides dimension-level maturity interpretations.*

Purpose

This sheet automatically computes the average score for each of the nine capability dimensions based on the scores entered in the Questionnaire sheet. It provides a summary view of the organisation's capability profile, presenting each dimension with its average score, maturity level label, a visual bar indicator, and a short

interpretation statement. An overall capability score is also computed as the unweighted average across all nine dimensions.

Structure

- Capability Dimension: The nine circular capability dimensions covered by the framework.
- Avg Score (0–3): The average score across the five questions in each dimension, automatically calculated.
- Maturity Level: The maturity band label corresponding to the average score, based on the four-point reference scale.
- Score / 3: A proportional bar visualisation indicating the dimension score relative to the maximum (3.0).
- Interpretation: A short guidance statement describing what the score level implies for the organisation's development priorities.

Guidance

Use this sheet as the primary output for team debriefs and leadership discussions. Pay particular attention to dimensions scoring below 1.5, which fall in the Emerging or Not in place bands and typically represent the highest-priority areas for capability development. Dimensions scoring 2.5 or above are strong foundations to protect and build upon. The overall score provides a useful single reference number for comparison across time, organisations, or business units, but the dimension-level profile is always more informative for decision-making than the aggregate alone.

Chart *Visualises the capability profile as a radar diagram.*

Purpose

This sheet generates a radar (spider) chart based on the nine dimension scores from the Results sheet. Each axis of the radar represents one capability dimension, with the outer boundary corresponding to a score of 3 (fully implemented). The shaded area represents the organisation's current capability profile. A larger and more symmetrical shaded area indicates stronger and more balanced circular capability readiness. Narrow or asymmetric profiles reveal concentrated gaps in specific dimensions.

Guidance

Use the radar chart as a communication tool for leadership presentations, board briefings, partner discussions, or ecosystem governance forums. The visual format makes it easy for non-technical audiences to grasp the overall capability picture at a glance. When re-applying the tool at a future date, overlay successive radar charts to make capability development visible over time. The chart can be exported directly from Excel for inclusion in reports and presentations.

References *Lists the academic sources underpinning the framework.*

Purpose

This sheet provides the full bibliographic references for the academic literature that informs the framework's design, dimension structure, and maturity logic. Sources include foundational contributions from the dynamic capabilities tradition (Teece, Eisenhardt, Winter) and recent circular economy capability research (Reim, Frishammar, Khan, Straub, and others).

Guidance

Consult this sheet when preparing formal reports or presentations that require academic justification for the capability dimensions or maturity model used. References can also be used to identify further reading for team members seeking to deepen their understanding of specific capability areas before or after the assessment.



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