

The importance of early market dialogue and creating trust

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The advantages of having a circular business model are numerous. That's certainly been the case for Anders Mølgaard, owner and founder of the Danish SME BurntWood. His company collects recycled wood from municipal waste streams and subsequently machine-burns the surfaces of the wood, making it maintenance-free without the need to add chemicals. BurntWood's value proposition is to create aesthetic and sustainable façade covers using repurposed wood with a long lifespan, which stimulates both the eyes and the circular economy.

BurntWood is an excellent example of the benefits of using a circular business model because it doesn't compromise the quality or function of the product, nor the form for that matter. It also emphasizes the importance of SMEs as we move towards a more circular society, because they are good at engaging in early market dialogue and creating trust. What's more, SMEs often come up with innovative solutions and are helping to drive green tendering.

Mølgaard is convinced that the benefits of running a business on a circular business model far outweigh any disadvantages. Though it takes time and effort to make your business circular, it's definitely a worthwhile journey. 'The SMEs embracing and implementing the principles of the circular economy are the ones which should be prioritized and promoted to further develop circular solutions,' says Mølgaard 'Because in the end, their efforts will help to reduce the amount of virgin materials that are being extracted.' Indeed, virgin wood has become even more expensive in recent years, and this has given BurntWood a competitive advantage in the market, including in green tenders.

Advice for SMEs

So what should an SME keep in mind when bidding on a green tender? 'First, you have to be proactive in your approach towards the tender material,' says Mølgaard. 'Identify the specific tenders that suit your company, do the groundwork and engage other organisations who have successfully won tenders from this specific organisation. Engage the tender personnel early on and ask them to be as specific as possible. Also, ask them to keep you updated about the tendering process.'

Mølgaard also recommends SMEs to have a range of reference projects as proof-of-concept-and-product. That way, the people responsible for the tender will have a thorough understanding of the SME's product and value proposition. 'Stay in close contact with the people responsible for the tender, because that will pay off in follow-up meetings, especially after the tendering process has kicked off. This will reflect well on your organisation because it will show you've been proactively trying to establish mutual trust and initiate early market dialogue.'

Advice for tender personnel

It's important for tender personnel to specify clearly what the most important factors are for the tender output to be a success. They will also need to set demands for the production processes further down in the supply chains. 'Documenting this can be difficult,' says Mølgaard, 'but using trusted, international certification schemes and recognised standards will benefit those SMEs who have signed up for them. And these can serve as guidelines in developing the tender material, so it can be adapted to a mature market, where innovative solutions can be promoted and utilized even further.' In addition, tender personnel should choose vendors that use the highest quality of materials and avoid the cheapest vendors. 'The latter', says Mølgaard, 'will make compromises somewhere down the supply chain, which can have severe consequences for – in this case – sustainable foresting and local natural wildlife.' It's also important to clearly outline how the vendors should document that they meet minimum tender criteria.

It's also worth including external (or internal, depending on the size of the organisation) advisors and consultants in the tendering development process – people who are industry savvy and have an in-depth understanding of the relevant EU regulations and certification schemes. 'I also want to stress the importance of CO2 quotas and taxation as important factors in the push for a more circular transition of society. And I encourage SMEs to "greenify" and follow the market trends and demands, which is gradually becoming synonymous with societal trends.'

Overall, Mølgaard has two specific recommendations for SMEs who are about to bid on tenders: be proactive in terms of initiating market dialogue, and in doing so, showcase your proof-of-concept and raise awareness about your solution. And finally, reach out, interact and establish trust with the tender personnel and invest time in maintaining your relationship with them. That will go a long way to ensuring success.

About BurntWood

BurntWood is a sustainable alternative to pressure-impregnated wood. This method goes all the way back to the Viking Age and has since been refined in the Japanese building culture. When the upper millimetres of the tree are charred, the sugars in the tree are burned at the same time so the harmful micro-organisms have nothing to live on. No chemical substances are used for impregnation, as it is the wood's own substances that, through the burning, protect the surface – a surface that's both beautiful and extremely weather resistant.

Read more on: <https://www.burntwood.dk/en>

