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1 Executive summary

The WE.Circular Labs Concept defines a structured framework for establishing and operating a network of twelve innovation Labs across the Danube Region aimed at supporting the circular and digital transformation of women-led enterprises. The Concept responds to the growing need for practical and integrated business support mechanisms that enable women entrepreneurs to redesign, test and validate sustainable business models in real-life conditions.

The document builds on the findings of the transnational needs assessment, which revealed that many women entrepreneurs in the region are motivated to adopt circular and digital practices but often lack structured support environments to translate these ambitions into viable and scalable business models. While numerous companies have introduced isolated sustainability actions, the transition towards fully integrated circular and digitally enabled business models remains limited due to barriers related to skills, resources, networks and market validation opportunities.

To address these challenges, the WE.Circular Labs introduce an innovation support environment based on the Living Lab approach. This model promotes user-centred innovation, co-creation among multiple stakeholders and real-life experimentation. Women entrepreneurs are actively involved as co-creators of solutions, working together with experts, researchers, industry representatives, policymakers and civil society actors. Through this collaborative process, companies can explore new ideas, redesign their business models and validate innovative solutions before committing significant investments.

The Concept outlines the methodological foundation of the Labs, drawing on insights from good practices across Europe and on the analysis of circular business model innovation opportunities.

The WE.Circular Labs operate through a structured transformation process composed of four main phases. The first phase focuses on preparation and engagement, including stakeholder mapping, identification of regional priorities and the selection of participating companies. The second phase supports co-creation and business model design through workshops, mentoring and collaborative ideation sessions. During the third phase, companies develop and test selected circular business model elements in real-life settings, following the “test before invest” principle that reduces transformation

risks. The final phase focuses on monitoring, evaluation and adaptation, allowing the Labs to assess results, capture lessons learned and refine the tested solutions.

Each Lab operates within a national innovation ecosystem while being part of a transnational network that facilitates knowledge exchange and cooperation across countries. The organisational framework combines multidisciplinary expertise in circular economy, digital transformation and business development, ensuring that participating companies receive tailored mentoring and advisory support.

The Concept serves as a strategic and methodological foundation for implementing the Labs and ensuring their effectiveness, adaptability and long-term sustainability.

2 Scope of the document

This document defines the Concept for the establishment and operation of the WE.Circular Labs within the framework of the WE.Circular project. It provides a structured and common framework for setting up, managing, and further developing 12 WE.Circular Labs across the Danube Region countries.

The Concept outlines the overall vision, objectives, principles, organizational structure, and operational model of the Labs. It clarifies the services to be delivered, the target groups to be addressed, and the roles and responsibilities of the involved partners and stakeholders. The document serves as a strategic and methodological foundation for ensuring a harmonised yet adaptable implementation of the WE.Circular Lab model in different national contexts.

The Concept is based on the Living Lab approach and integrates findings from the needs assessment, good practices, and identified business model gaps affecting women entrepreneurs in their digital and circular transition. It provides step-by-step guidance for the establishment of the Labs, including stakeholder mapping, service design, co-creation processes, testing of business models, monitoring, and evaluation mechanisms.

Furthermore, the document is closely linked to the Methodology for Pilot Testing of the Labs, which operationalizes the Concept and validates its applicability in real-life conditions. The pilot testing results contribute to refining the Concept and ensuring its effectiveness, transferability, and long-term sustainability.

The Concept is intended for project partners, associated strategic partners, policymakers, business support organisations, and other stakeholders interested in applying or replicating the WE.Circular Lab model. It represents a practical tool to support women entrepreneurs in accelerating their transition towards circular economy principles, digital transformation, and smart specialization domains.

3 Methodological background

3.1 Needs assessment

The Transnational Skills Needs and Gaps Analysis¹ elaborated within WE.Circular project clearly demonstrates that women-led businesses in the Danube Region are motivated to engage in circular and digital transition, but lack structured and practical business support to effectively transform their business models.

Across the 12 participating countries (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Moldova, Romania, Slovakia, Slovenia, Serbia), many women entrepreneurs have already introduced isolated circular practices (e.g., waste reduction, use of sustainable materials, basic digital tools). However, the transition from incremental improvements to fully integrated circular and digitally enabled business models remains limited. The main challenge is not willingness to change, but the absence of a structured environment that supports experimentation, validation, and implementation of new business concepts.

Women entrepreneurs face difficulties in:

- Translating circular economy principles into viable and scalable business models
- Testing innovative solutions before making major investments
- Assessing market potential and commercial feasibility of new models
- Accessing tailored advisory support that connects sustainability, digitalisation and profitability
- Navigating regulatory requirements and financing opportunities
- Building strategic partnerships across value chains

¹ *Transnational Skills Needs and Gaps Analysis, 2024, WE.Circular project*

The analysis shows that support ecosystems are often fragmented. Existing measures tend to focus either on general entrepreneurship or on isolated aspects such as training or funding, without offering integrated, hands-on support for business model transformation. Specific measures focusing on women and circular/digital transition are very rare or non-existent. Consequently, there is a clear gap between policy ambitions (e.g., S3, digitalisation, green transition) and the operational capacity of women-led SMEs to implement systemic change within their businesses.

Stakeholders across project countries confirm the need for practical, business-oriented support structures that can:

- Provide “test before invest” opportunities
- Facilitate co-creation between entrepreneurs, experts, academia, policymakers and industry
- Support the development of smart value chains
- Offer continuous guidance from ideation to market validation
- Strengthen collaboration within regional innovation ecosystems

These findings underline the necessity of establishing WE.Circular Labs in each participating country. The Labs respond directly to the identified needs by creating a structured, collaborative environment where women entrepreneurs can redesign, test, validate and scale circular and digital business models in real-life settings. By bridging the gap between strategy and implementation, and between technological supply and business demand, the WE.Circular Labs represent a concrete and systemic response to the region’s need for practical business transformation support.

3.2 Good practices

The Concept of the WE.Circular Labs is not built in isolation. It draws inspiration from a wide range of proven initiatives across Europe that have successfully supported companies in transforming their business models towards greener, smarter and more competitive solutions. What stands out from these good practices is not only *what* they offer, but *how* they accompany businesses through change.

A key lesson from these good practices is that business transformation requires a structured journey. Programmes such as **Romania ClimAccelerator** and **Up2Circ²** guide

² *Manual for selected best practices and case studies, 2025, WE.Circular project*

companies step by step. They begin with awareness and assessment. They continue with skills development and mentoring. They lead to implementation, validation and scaling. This clear progression reduces uncertainty and helps entrepreneurs move from ideas to concrete results. The WE.Circular Labs follow the same logic. Change is treated as a process with defined stages and measurable outcomes.

Another important inspiration is the creation of a safe environment for experimentation. Initiatives such as **Up2Circ** and **Circular DigiBuild** show that companies need space to test new solutions before committing significant investments. Pilot actions, prototyping and validation activities lower risks and increase confidence. This principle is embedded in the Living Lab approach of WE.Circular. The Labs provide opportunities for companies to test circular and digital solutions in real conditions before scaling them further.

Personalised mentoring also appears as a decisive success factor. The **Academy of Women Entrepreneurs** demonstrates how structured mentoring, peer exchange and access to role models strengthen both business capacity and confidence. Accelerator models such as **Romania ClimAccelerator** confirm that one to one advisory services significantly increase the likelihood of successful transformation. For this reason, tailored expert support is positioned as a central service within the WE.Circular Labs.

Community building and co creation are equally important. Initiatives such as **AJ Ty v IT** and **Advance Circular** illustrate how collaborative workshops and stakeholder dialogue accelerate innovation. When entrepreneurs, researchers, business support organisations and policymakers interact, new partnerships emerge and knowledge flows more efficiently. The WE.Circular Labs integrate this collaborative dimension through co-creation events, stakeholder mapping and joint business model development sessions.

Access to networks and visibility is another recurring element. Successful programmes connect companies with investors, ecosystem actors and potential partners. Pitching events and public showcases, as demonstrated by **Romania ClimAccelerator**, enhance credibility and open opportunities for growth. The Labs reflect this approach by facilitating innovation contests, demonstration events and dissemination of success stories.

All inspiring practices share a strong practical orientation. Tools such as action plans, business model canvases, impact measurement instruments and modular learning resources, developed for example within **Advance Circular** and **Up2Circ**, help companies translate sustainability ambitions into concrete business decisions. The WE.Circular Labs adopt this pragmatic focus by integrating structured methodologies and market validation mechanisms into their services.

Taken together, these good practices highlight that effective support for circular and digital transition must be integrated, hands on, collaborative and business driven.

3.3 Business models innovation

The transition towards a circular and digitally enabled economy requires more than incremental improvements in existing operations. It calls for a fundamental rethinking of how value is created, delivered and captured. The joint analysis and the reviewed good practices clearly demonstrate that many women-led businesses in the Danube Region are already taking first steps towards sustainability. However, these steps often remain isolated actions rather than fully integrated business models.

Traditional linear models based on take make dispose logic are increasingly challenged by rising material costs, regulatory pressure, changing consumer expectations and digital disruption. At the same time, new opportunities are emerging. Circular value chains, product as a service concepts, resource efficiency solutions, digital platforms and data driven services create space for innovation and competitiveness. Yet many SMEs struggle to translate these opportunities into structured and viable business models.

The needs assessment highlights that entrepreneurs often lack a clear methodology to redesign their business logic. They face difficulties in identifying circular revenue streams, redefining customer value propositions, forming strategic partnerships across the value chain, and assessing financial feasibility and market potential. In many cases, sustainability remains and adds on element instead of being embedded into the core business strategy.

Identified good practices show that companies benefit significantly when they are supported in systematically developing and testing new business models. Structured approaches such as staged acceleration programmes, action planning tools, mentoring and pilot implementation mechanisms help entrepreneurs move from intention to execution. These experiences confirm that business model innovation is not only about environmental responsibility. It is also about resilience, competitiveness and long term growth.

There is therefore a clear need for new business models that integrate circular economy principles and digital technologies into the heart of the company. Such models focus on smarter products, smarter processes and smarter business logic. They aim to extend product lifecycles, optimise resource use, create recurring revenue streams, and strengthen collaboration within ecosystems. Digital tools further enable traceability, efficiency and new customer interactions.

The WE.Circular Labs respond directly to this need. By offering a structured co-creation environment, practical tools and real life testing opportunities, the Labs support women entrepreneurs in redesigning their business models in a strategic and market oriented way. In doing so, they contribute not only to environmental sustainability but also to stronger, more innovative and future proof enterprises across the Danube Region.

4 Conception framework for development of WE.Circular Labs

4.1 Living Lab Model and its adaptation in WE.Circular Labs

The WE.Circular Labs are built around the Living Lab concept³ as a dynamic and collaborative environment where innovation happens in real life rather than in theory. Instead of being a traditional support structure that delivers predefined advice, the Lab functions as an open space for experimentation, dialogue and joint problem solving. It brings together women entrepreneurs, experts, researchers, technology providers, public authorities and ecosystem actors to co-create solutions that respond to concrete business challenges.

At the heart of the Living Lab model lies the idea that innovation becomes stronger when those who are directly affected by change are actively involved in shaping it. Women entrepreneurs are not passive beneficiaries of support. They are co-creators of new business models. Their practical constraints, market realities and growth ambitions define the direction of the process. The Lab facilitates structured interaction between different stakeholders so that knowledge flows across sectors and new partnerships emerge naturally.

³ <https://ec.europa.eu/newsroom/rtd/items/810822/en>

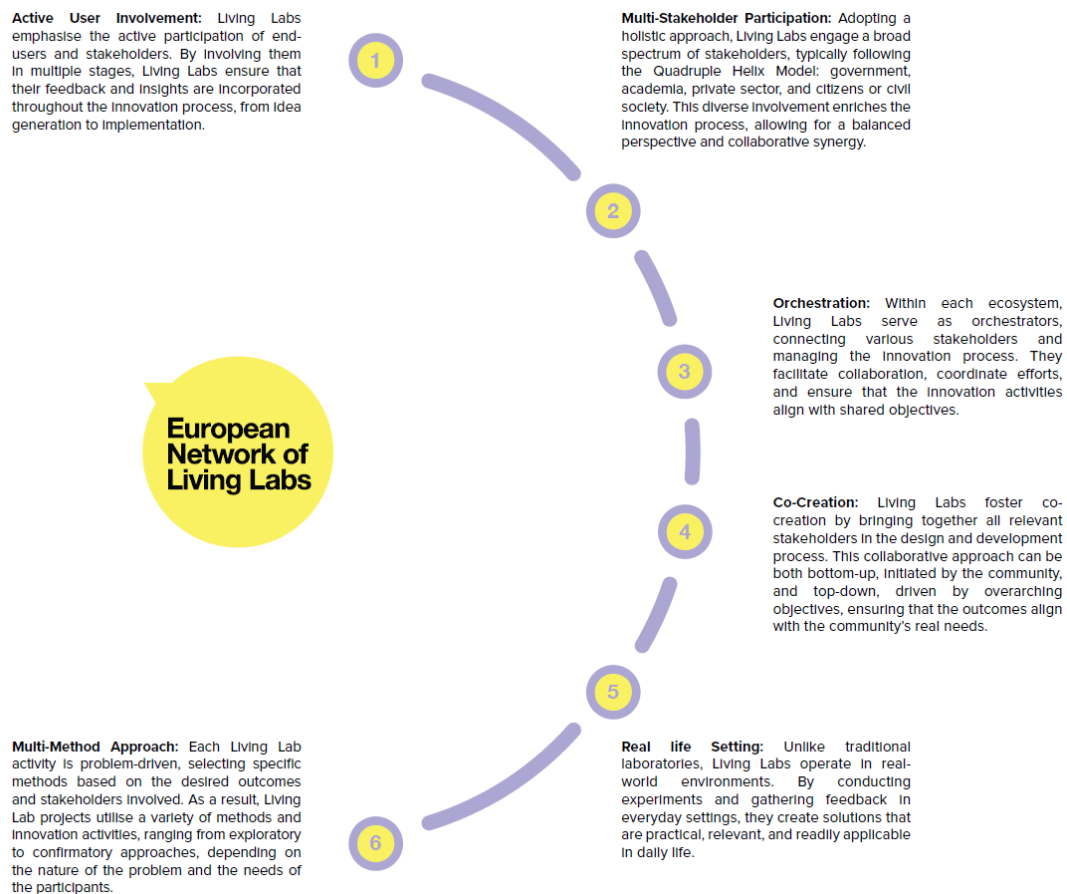


Figure 4-1: Components of the Living Lab Model, Living Lab origins, development and future perspectives, 2025

The process within the Lab follows an **iterative path**. It begins with a clear understanding of the company's current business logic and transformation needs. Through guided workshops and mentoring sessions, ideas are explored, refined and translated into concrete business model adjustments. These are not abstract strategies. They are tested, validated and improved through real market feedback. This "test before invest" philosophy allows companies to reduce risk, gain confidence and strengthen their readiness for scaling.

The Living Lab model is particularly suitable for circular and digital transformation because these transitions are systemic. They affect sourcing, production, logistics, partnerships, communication and revenue streams at the same time. Such complexity

cannot be addressed through isolated training sessions. It requires a space where experimentation is encouraged, learning is continuous and collaboration is structured but flexible. The Lab provides exactly this environment.

Within WE.Circular, the Living Lab concept has been adapted to focus specifically on **business model innovation**. The objective is not only to improve technical efficiency but to redesign how value is created and captured. Circular principles, digital tools and smart specialisation domains are integrated into the co-creation process so that companies develop smarter products, smarter processes and smarter business models. The approach recognises that circularity must be economically viable, operationally feasible and market driven.

Another important dimension of the model is its **gender-sensitive perspective**. Women entrepreneurs often face additional barriers related to access to networks, finance and visibility. The Lab therefore creates a supportive and trust-based environment where peer learning and mentoring play a central role. This strengthens confidence, encourages exchange of experience and fosters long-term collaboration.

Although each WE.Circular Lab operates within a different national ecosystem and institutional setting, they share a common methodological backbone. This ensures coherence across the network while allowing adaptation to local realities. The diversity of partner competences becomes a strength, enabling the creation of synergies and joint services across countries.

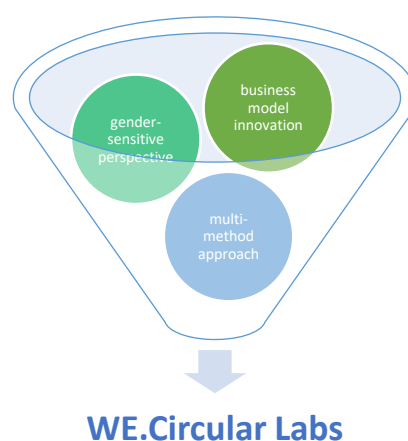


Figure 4-2: WE.Circular Labs approach (own illustration)

In essence, the Living Lab model transforms business support from a one-directional advisory service into a collaborative innovation journey. It bridges the gap between ideas and implementation, between technology supply and business demand, and between policy ambition and entrepreneurial practice. By creating a structured yet flexible space for experimentation and validation, the WE.Circular Labs empower women entrepreneurs to move from intention to action and from isolated circular practices to integrated, scalable and competitive business models.

4.2 Joint model development

The WE.Circular Lab model was developed as a structured yet flexible framework that translates circular economy ambitions into practical business transformation pathways. It is the result of joint work across partner countries, combining analytical insights, co-creation experience and real-life testing with women-led enterprises. The model does not offer a single predefined solution. Instead, it provides a dynamic environment where tailored solutions for women entrepreneurs, through collaboration, experimentation and validation.

At the core of the developed model lies a **multi-method approach**. The Labs combine and customise different user-centred and co-creation methodologies in order to respond effectively to the diverse realities of women entrepreneurs. Rather than relying on one rigid innovation tool, the approach integrates design thinking, business model development tools, stakeholder mapping and validation techniques, adapting them to the specific maturity level and sectoral context of each company and leadership style of each woman entrepreneur. This flexibility ensures relevance and practical applicability of the circular and digital solutions for each user.

User engagement is not an additional element of the model. It is its foundation. Women entrepreneurs are involved from the very beginning of the process. Their needs, expectations and constraints shape the direction of the Lab activities. Instead of being treated as beneficiaries of support, they become equal contributors in defining problems, generating ideas and validating solutions. This shift from user as subject to user as co-creator ensures that outcomes are not only innovative but also realistic and implementable.

The WE.Circular Lab model is further grounded in the Quadruple Helix framework. Innovation is understood as a collaborative effort between academia, industry, government and civil society. Academic actors contribute research and expertise. Industry actors bring practical market knowledge and entrepreneurial experience. Public authorities provide strategic direction and policy alignment. Civil society ensures that solutions respond to real societal needs and values. By engaging these four groups

in a structured manner, the Labs bridge the gap between policy ambition, technological development and business practice.

In addition, the Labs create a structured space for dialogue, where all Quadruple Helix actors can openly communicate their needs, challenges and perspectives. This interaction supports mutual understanding and helps align solutions with real market and societal demands.

A distinctive feature of the model is its real-life setting. Activities are implemented in authentic business environments rather than simulated contexts. Companies test new business model components, digital tools or circular processes within their actual operations. This enables a thorough understanding of constraints and opportunities, and ensures that innovation is grounded in operational reality.

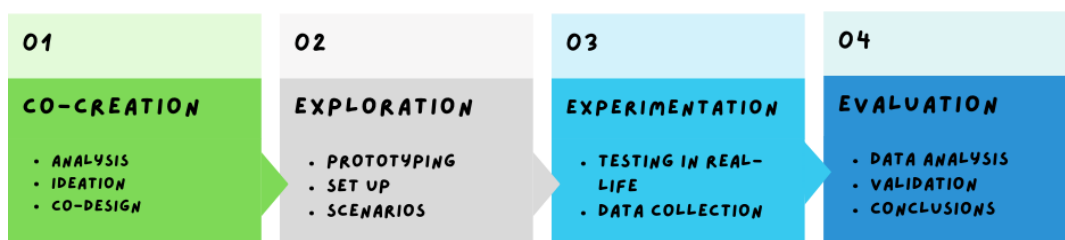


Figure 4-3: WE.Circular Lab process (own illustration)

The joint model is operationalised through a structured process composed of four interconnected phases. It begins with a co-creation phase that focuses on understanding challenges and defining problems clearly. This stage builds a shared vision among stakeholders and creates the foundation for ideation. Through open and participatory sessions, diverse perspectives are gathered and translated into potential solutions.

The second phase, exploration, transforms ideas into initial concepts. Promising options are examined in low-risk and controlled environments. This stage encourages experimentation and learning while maintaining flexibility. It allows companies to assess feasibility before committing significant resources.

The third phase, experimentation, brings concepts closer to real implementation. Prototypes or pilot solutions are developed and tested in increasingly realistic conditions. The extent of real-life application depends on the maturity of the solution. Some experiments may be short-term and focused on specific elements, while others may involve broader operational adjustments and longer testing periods.

The final phase, evaluation, measures impact and added value. By comparing pre-intervention and post-intervention conditions, the Lab is able to assess progress and identify lessons learned. This stage also prepares successful solutions for scaling, replication or integration into wider regional or transnational contexts.

4.2.1 Main principles and objectives of the Labs

The WE.Circular Labs operate on a set of **core principles** that ensure coherence across countries while allowing adaptation to national contexts.

- **User-centred co-creation:** Women entrepreneurs are active co-creators of solutions rather than passive recipients of support. Their business realities, needs and ambitions define the direction of the Lab activities. The Labs also create a structured space for dialogue among stakeholders, enabling the exchange of needs, challenges and perspectives.
- **Test before invest approach:** The Labs provide a structured environment for experimentation and validation, allowing companies to test circular and digital business model components before committing significant financial or organisational resources.
- **Integration of circular and digital transition:** Circular economy principles and digitalisation are addressed in an integrated manner, recognising that sustainable competitiveness requires systemic transformation rather than isolated improvements.
- **Practical and market-oriented focus:** All activities are designed to translate sustainability ambitions into viable and scalable business solutions, grounded in real-life business environments.
- **Gender-sensitive approach:** The Labs create a supportive and trust-based environment that recognises the specific barriers women entrepreneurs may face and strengthens their access to networks, expertise and opportunities.

The **overall objective** of the WE.Circular Labs is to *accelerate the circular and digital transformation of women-led businesses in the Danube Region through structured co-creation, validation and ecosystem integration.*

More specifically, the Labs aim to:

- Support women entrepreneurs in redesigning and validating circular and digitally enabled business models,
- Enable the development of intelligent products, intelligent processes and intelligent business models,

- Reduce transformation risks through pilot testing and market validation mechanisms,
- Strengthen skills and competences related to circular economy, digitalisation and business model innovation,
- Foster collaboration across value chains and regional innovation ecosystems,
- Facilitate alignment with smart specialisation priorities and regional development strategies,
- Contribute to the creation of resilient, competitive and future-oriented women-led enterprises.

4.2.2 Organizational structure

The WE.Circular Labs operate through a structured organisational framework that ensures the effective delivery of services to participating women-led enterprises. The organisational structure defines the roles and responsibilities within the Labs, the expertise available to support companies, and the mechanisms for stakeholder engagement and transnational cooperation within the WE.Circular Lab Network.

Lab coordination and management

Each WE.Circular Lab is coordinated by a responsible partner organisation that oversees the planning, implementation and monitoring of Lab activities at national level. The Lab coordinator ensures the organisation of co-creation workshops, mentoring sessions, business model testing activities and evaluation processes. In addition, the coordinator facilitates communication between participating companies, experts and project partners.

Human resources and expertise

The functioning of each Lab is supported by a multidisciplinary team bringing together expertise in areas such as circular economy, business model development, digital transformation, entrepreneurship support and innovation management. This team is responsible for delivering the Lab services, mentoring companies and supporting the testing and validation of business model elements.

- **Core expertise of the Labs:** While the WE.Circular Labs follow a common methodological framework, each Lab may have different areas of expertise depending on the capacities and competences of the hosting organisation. These

areas may include circular product and service design, digital solutions for SMEs, sustainable production processes, market development, financing readiness or ecosystem development. This diversity allows the network to collectively cover a broad range of competencies relevant to women entrepreneurs.

- **Involvement of external experts:** Lab activities are supported by both internal experts within the Lab organisations and external specialists providing targeted mentoring and advisory support. When specific expertise is not available within the Lab team, additional external experts may be engaged to ensure that companies receive specialised support tailored to their needs.

Stakeholder and ecosystem engagement

The WE.Circular Lab model is built on strong collaboration with regional innovation ecosystems. The Labs engage stakeholders from academia, industry, public administration and civil society to support participating women entrepreneurs through knowledge exchange, mentoring and networking opportunities. By cooperating with regional innovation actors such as business support organisations, clusters, chambers of commerce, incubators, accelerators and research institutions, the Labs connect companies with relevant expertise, infrastructure and funding opportunities, strengthening the overall support environment for circular business development.

Transnational cooperation within the WE.Circular Labs Network

The WE.Circular project establishes a transnational network of 12 Labs operating across participating countries. Cooperation between these Labs strengthens the overall capacity of the network and enables knowledge exchange and mutual learning.

- **Collaboration between the Labs:** The Labs collaborate through regular meetings, knowledge exchange activities and joint methodological development. This collaboration allows partners to share experiences, exchange good practices and refine the Lab methodology based on practical testing results. The diversity of expertise across the network enables Labs to benefit from each other's specialisations. When relevant, expertise from one Lab may support companies participating in another Lab, ensuring access to specialised knowledge that may not be available locally.
- **Cross-border support for women entrepreneurs:** The transnational nature of the Lab network also creates opportunities for cross-border collaboration between women entrepreneurs. Through networking events, knowledge-sharing activities

and the exchange of good practices, companies may access new markets, partners and innovation opportunities beyond their national ecosystems.

4.2.3 Operational framework and services

The WE.Circular Labs operate through a structured transformation cycle that integrates service delivery with practical implementation. The framework builds directly on the activities implemented during the pilot phase and reflects the tested workflow across partner countries.

The Lab services are organised around a cyclical transformation process, ensuring both methodological coherence and flexibility for national adaptation.

Phase 1 – Preparation & Engagement:

This phase focuses on understanding the context and mobilising participants. Activities include:

- **Vision, mission, objectives:** The WE.Circular Labs share a common vision of empowering women-led enterprises to **become active drivers of circular and digital transformation** in the Danube Region. The Labs aim to create a collaborative environment where women entrepreneurs can explore, redesign and **validate innovative business models** based on circular economy principles, while strengthening their competitiveness, resilience and integration into regional innovation ecosystems.
- **Identification of national and regional needs:** Each WE.Circular Lab analyses national and regional economic and innovation needs in order to identify the most relevant challenges and opportunities for women-led enterprises. This assessment is carried out by the Labs based on their knowledge of the local ecosystem and takes into account regional smart specialisation priorities, sectoral strengths and existing gaps in business support for circular and digital transformation.
- **Mapping of relevant stakeholders:** Key actors of the regional innovation ecosystem are identified and engaged, including **business support organisations, academia, industry representatives, public authorities and women entrepreneur networks**. The mapping ensures that the Lab can rely on a diverse and supportive ecosystem for co-creation and validation activities.

- **Attracting companies:** Women-led enterprises are invited to participate in the Lab through different outreach mechanisms such as **innovation contest** (open calls) or targeted invitations. An **evaluation committee reviews the submitted applications** and selects the companies that will participate in the Lab activities and benefit from the services provided. The selection aims to ensure balanced participation across partner countries while focusing on companies with strong transformation potential. The main evaluation criteria typically include the relevance of the proposed idea to circular economy principles, the innovation potential of the business model, the feasibility of implementation within the project timeframe, and the motivation and commitment of the applicant to actively participate in the Lab activities.

The objective of this phase is to ensure that participating women-led enterprises reflect real transformation potential and regional smart specialisation priorities.

Phase 2 – Co-Creation & Design:

This phase supports structured ideation and business model redesign through collaborative work between women entrepreneurs, experts and ecosystem stakeholders. Building on the Living Lab approach, each WE.Circular Lab organises national co-creation activities where the selected women entrepreneurs present their current business models and key challenges, while the Lab experts and stakeholders jointly formulate recommendations for the further development and circular transformation of these business models.

Activities include:

- **Co-creation events:** National co-creation workshops are organised by the Labs and bring together women entrepreneurs, circular economy experts, business support organisations, digitalisation specialists and other relevant stakeholders. During these sessions, participants apply design thinking methods and practical tools such as the Circular Business Model Canvas to analyse existing business models, map challenges and explore new circular opportunities,
- **Development of alternative transformation scenarios:** Based on brainstorming sessions, stakeholder feedback and expert input, participants **jointly develop potential solutions** and alternative transformation scenarios. These scenarios focus on **integrating circular economy principles and digital tools into the business models**, addressing issues such as raw material sourcing, efficiency of

production processes, waste management and new value creation opportunities. The outputs of the co-creation sessions are documented in national reports and serve as the basis for *We.Circular Innovative Business Models* development and validation,

- **Preparation of Market Potential Reports:** At the end of the co-creation process, each WE.Circular Lab prepares a market potential report for every participating woman-led enterprise (Innovation Contest finalists). The report provides an **assessment of the business model's market viability and scaling potential**, based on insights from the co-creation workshops, expert feedback and **desk research on relevant market trends**. The analysis typically includes an overview of the business model, assessment of market trends and demand drivers, market size estimation, competitive landscape analysis, identification of barriers and risks, as well as recommendations for further development and implementation of the circular business model.

The focus of this phase is on translating circular economy principles and digital tools into concrete, company-specific business model adjustments that can later be tested and implemented in real business environments.



Photo 1: National co-creation workshops in Bulgaria and Moldova, (April – May 2025), photo credit: own resources

Phase 3 – Development & Validation (Test Before Invest):

This phase operationalises the transformation logic by translating ideas and co-created scenarios into structured, actionable and testable business model solutions. While the previous phase focuses on ideation and exploration of circular opportunities, this stage shifts the focus towards practical application and validation of concrete business model approaches.

Activities include:

- **Development of Innovative Circular Business Models:** Based on the challenges and opportunities identified during the co-creation phase, 6 innovative circular business model frameworks were developed within the WE.Circular project. These models provide structured solution packages that address common barriers faced by women-led enterprises and propose practical actions for improving circularity, efficiency and market positioning. The six models developed in the project are: (1) Circular Design Accelerators, (2) Resource Champions, (3) Production Optimizers, (4) Smart Digital Enablers, (5) Market Educators and (6) Collaborative Ecosystems. Each model offers a structured set of recommended actions, potential partnerships, and implementation pathways that companies can adapt according to their sector, size and readiness level. The models are designed as flexible toolkits rather than rigid templates, enabling companies to select the most relevant elements for their specific context.

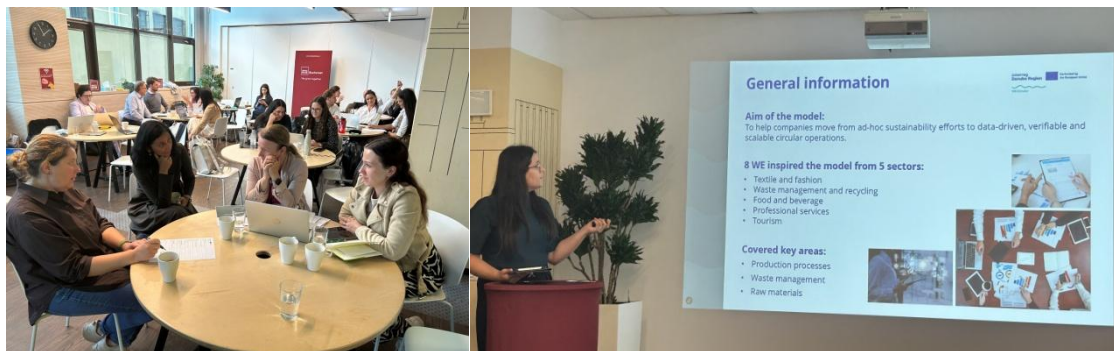


Photo 2: Peer-review of developed Business Models, Bucharest, Romania, September 2025, credit: own resources

- **Business Model assignment and testing preparation:** During the business model development phase, the WE.Circular Labs analyse the challenges, needs and development goals of each participating company identified during the co-creation workshops. Based on this assessment, **companies are categorised according to the most relevant circular business model** framework developed within the project. Each participating woman-led enterprise is therefore assigned to the business model that best reflects its specific challenges and transformation opportunities. The companies then prepare implementation plan for testing selected actions of the assigned business model within their own operational context. During this stage, companies define **concrete implementation steps, expected outcomes and measurable objectives** related to the selected business model elements.

- **Testing of Business Models in real-life business environments:** Selected actions of the business models are tested through **pilot actions, prototyping activities or operational adjustments** within the companies' real business environments. The testing process is coordinated and guided by the WE.Circular Labs, which provide **methodological support and facilitate the validation process**. This approach allows companies to experiment with circular and digital solutions, such as revenue model adjustments, supply chain improvements, or the integration of digital tools supporting circular operations, enabling them to assess feasibility and gather feedback before committing significant resources.

This stage embodies the “test before invest” philosophy, allowing companies to assess feasibility and reduce transformation risks before full-scale implementation.

Phase 4 – Monitoring, Evaluation & Adaptation:

Once pilot activities and validation steps have been implemented, systematic monitoring is carried out to assess progress and performance. This includes tracking predefined qualitative and quantitative indicators, reviewing implementation milestones, and collecting feedback from participating women entrepreneurs and involved stakeholders.

Activities include:

- **Preparation of Business Model Testing Reports:** Each WE.Circular Lab prepares a Business Model Testing Report at national level. This report summarises the testing results of all participating women-led enterprises within the country, documenting the testing process and evaluating the practical applicability of the selected circular business models. The report includes the following elements:
 - **Monitoring of implementation progress:** The WE.Circular Labs continuously monitor the progress of the implemented testing activities in cooperation with participating women entrepreneurs. This includes tracking the implementation of planned actions, reviewing milestones, and documenting practical experiences during the testing of the selected business model elements.
 - **Evaluation of provided services and achieved results:** The WE.Circular Labs evaluate the relevance and effectiveness of the services provided during the co-creation and testing phases. This includes assessing how

the support activities contributed to improving business processes, strengthening circular practices, and enhancing the companies' development potential.

- **Impact assessment:** To assess the transformation achieved through the Lab process, qualitative feedback is collected from participating women entrepreneurs through a structured survey. The questionnaire captures changes in knowledge, tools, organisational practices and business development approaches resulting from the Lab activities. Particular attention is given to comparing the initial situation of participating companies with their post-testing status in order to identify observable improvements in circular practices and organisational capacities.
- **Review and adaptation of business model elements:** Based on the feedback provided by the participating women entrepreneurs and the monitoring results, the tested business model elements are reviewed and further refined. Insights from the testing process help identify which actions proved most effective and which elements require adjustment to better support different types of businesses.

The evaluation results feed back into the Lab methodology, strengthening its effectiveness and ensuring continuous improvement across the transnational network.

WE.Circular Labs service capacities

The WE.Circular Labs support participating women-led enterprises through a range of complementary services that facilitate circular business model development, testing and validation. These services build on the specific expertise, infrastructure and networks available within each Lab.

The table below provides an overview of the main sectors addressed by some of the WE.Circular Labs, as well as the core infrastructure, capacities and expertise areas through which they support SMEs during the co-creation and testing process:

Country / Lab	Main sectors	Capacity	Circular design	Digital transformation	Pilot testing/ test before invest	Mentoring	Matchmaking	Funding & investment advisory	Training / awareness	Certification / ESG	Marketing support
Hungary	Manufacturing, Digital & ICT-enabled businesses, Education & training	Physical, Technical, Organisational	●	●	●	●			●		●
Bulgaria	Agrifood, Digital & ICT-enabled businesses, Energy & environmental services, Health & wellbeing, Education & training, Circular materials & waste valorisation	Organisational	●	●	●	●	●	●	●		●
Austria	Digital & ICT-enabled businesses, Education & training, Energy & environmental services	Organisational		●		●	●				●
Croatia	Digital & ICT-enabled businesses, Education & training, Creative industries, Agrifood, Health & wellbeing	Physical, Technical, Organisational	●	●	●	●	●	●	●		●
Czech Republic	Education & training, Circular materials & waste valorisation, Agrifood	Organisational	●	●		●	●	●	●	●	●
Germany	Manufacturing, Circular materials & waste valorisation	Technical, Organisational	●	●	●	●	●			●	●
Slovenia	Digital & ICT-enabled businesses	Technical, Organisational		●		●			●		

4.2.4 Organizational and operational infrastructure

The effective functioning of the WE.Circular Labs requires an appropriate operational environment that supports co-creation, testing and business model development activities. This includes both physical and technical infrastructure, as well as organisational mechanisms that enable the delivery of Lab services and structured interaction between participating companies and experts.

Physical and technical infrastructure

The Labs rely on a combination of physical and digital infrastructure to support the co-creation and testing process.

- Co-creation and workshop spaces: Dedicated spaces are used to organise workshops, mentoring sessions and collaborative meetings between women entrepreneurs, experts and stakeholders. These environments enable structured co-creation activities, idea generation sessions and strategic discussions related to circular business model development.

- Digital tools and platforms: Digital tools support communication, documentation and collaborative work throughout the Lab process. These may include online meeting platforms, shared workspaces, business model development tools, and digital collaboration platforms that facilitate interaction between companies and experts.
- Facilities for training, prototyping or pilot testing: Where available, the Labs provide access to facilities that support training activities, prototyping or real-life testing of business model elements. These may include innovation labs, pilot environments, testing facilities or other infrastructures that enable companies to experiment with circular and digital solutions in practice.

Service delivery mechanism

The WE.Circular Labs operate through structured service delivery mechanisms that organise how support activities are implemented and coordinated.

- Organisation of Lab activities and services: Lab activities are organised through a structured sequence of services, including company outreach, co-creation workshops, mentoring sessions, business model testing and evaluation activities. These services are delivered by multidisciplinary teams combining expertise in circular economy, business development, digitalisation and entrepreneurship support.
- Interaction between companies and experts: Close collaboration between participating companies and external experts is a key element of the Lab model. Experts provide tailored guidance, mentoring and technical advice during the different phases of the Lab process, ensuring that companies receive practical support adapted to their specific business challenges. Where the required expertise is not available within the Lab team, additional external experts may be involved to provide specialised knowledge and support.

5 Examples of business transformation through the WE.Circular Labs

MAGBAGO – From intuitive sustainable practice to a structured circular design model

In Bosnia and Herzegovina, the WE.Circular Lab supported **MAGBAGO**, a small fashion company already committed to environmentally responsible production. The co-creation and testing process revealed, however, that the company's sustainable practices were not yet translated into a clearly documented circular design system. Circular thinking was present in the way products were created, but it had not been formalised, measured or clearly communicated to customers. For this reason, the company was linked to **Business Model 1: Circular Design Accelerator**, which offered the most suitable pathway for strengthening its development.

The pilot focused on one flagship product, a blouse made from Lotus fabric, and used it as a practical entry point for rethinking the entire design and production process. What changed most during the testing was not the product itself, but the way the company understood and managed its value chain. The process helped MAGBAGO move from a product created with good intentions to a product supported by documented circular logic. Material flows were mapped from input to end of life, cutting processes were optimised, textile remnants were redirected into secondary use, and the full production cycle was turned into an internal guide that can now be applied to future collections.

An equally important step was the introduction of circular value communication. Before the pilot, the environmental value of the product remained mostly implicit. Through the testing phase, MAGBAGO developed and validated a customer-facing product label and online description that explained the circular qualities of the blouse in a more visible and understandable way. This gave the company a new capacity not only to produce more responsibly, but also to communicate that value more convincingly in the market.

The results show a clear transformation. The company documented the full circular design process, produced a pilot series of 22 blouses, achieved zero fabric sent to landfill, and ensured that all cutting remnants were either repurposed internally or redirected to further use. The product itself was confirmed as fully biodegradable and

recyclable at end of life, while digital prototyping through CLO3D also opened opportunities for reducing waste in future development stages.

For MAGBAGO, using the services provided by the Lab marked a transition from informal sustainable practice to a more mature circular business approach. It strengthened not only material efficiency, but also the company's ability to systematise its processes, communicate its circular value and build a more scalable foundation for future product development.

EcoHaus – From product-focused growth to a more structured circular operations model

Within the Czech WE.Circular Lab, **EcoHaus** entered the testing phase as an early-stage but already commercially active brand offering sustainable household products, with a particular focus on detergent sheets and related eco-drugstore items. The company had a clear sustainability vision and a promising product, yet the pilot showed that its next stage of development depended less on the product itself and more on how the wider business model could evolve around packaging, logistics and future production. Based on the challenges identified, it was recommended to strengthen the existing model by applying selected elements of **Business Model 3 Production Optimizers**.

The testing process concentrated on two closely connected questions. The first was how to improve circularity in packaging and e-commerce logistics within the limits of the company's current external fulfilment model. The second was how to prepare for a more local and sustainable production setup in the future. Through expert consultations and follow-up analysis, the company was able to distinguish between what could be addressed immediately and what would require a longer preparation phase, additional expertise and investment.

One of the most important outcomes of the pilot was a clearer prioritisation of development steps. Before the testing, EcoHaus was pursuing several ambitious circular goals at once, including returnable packaging and local production. The pilot helped reorganise these ambitions into a more realistic sequence. It confirmed that the company's strongest short-term potential lies in improving packaging formats, strengthening customer feedback systems and communicating product impact more effectively, while the more advanced goals related to own production and returnable

logistics should be treated as medium-term directions requiring dedicated feasibility work.

The process also highlighted the importance of local partnerships, technical specification and controlled testing of new solutions before scaling. Rather than attempting to launch a full circular logistics or manufacturing system immediately, EcoHaus gained a better understanding of the infrastructural, operational and financial conditions needed to move in that direction. This gave the company a stronger basis for future decision-making and reduced the risk of premature investment.

As a result, **EcoHaus** shifted from a broadly defined circular growth vision towards a more structured and operationally grounded circular business pathway. The pilot did not lead to the immediate launch of new infrastructure, but it significantly strengthened the company's strategic readiness by identifying actionable priorities and clarifying the steps required for long-term circular scaling.

Konventia – Green Stay Croatia - Strengthening sustainable tourism through smart digital tools

As part of the Croatian WE.Circular Lab activities, **Konventia – Green Stay Croatia** was supported in refining its digital platform for eco-friendly accommodation and sustainable local experiences. The company had already developed a clear concept and a recognisable niche in the field of green tourism, but the co-creation process showed that its future growth depended on improving how the platform interacts with users and how effectively it makes sustainable offers visible and accessible.

The discussions with experts and stakeholders highlighted that the core business model was relevant and promising, yet its digital functionality needed to evolve in order to support a better customer journey, stronger platform visibility and a broader offer of services. Based on these findings, the company was linked to **Business Model 4 Smart Digital Enablers**, which was considered the most suitable framework for further development.

A key direction that emerged from the process was the use of AI-based solutions to make the platform more responsive and personalised. The pilot focused on testing the potential of a chatbot recommendation system that could help travellers identify accommodation and local experiences according to their interests, location and behaviour. In parallel, efforts were directed towards improving search engine

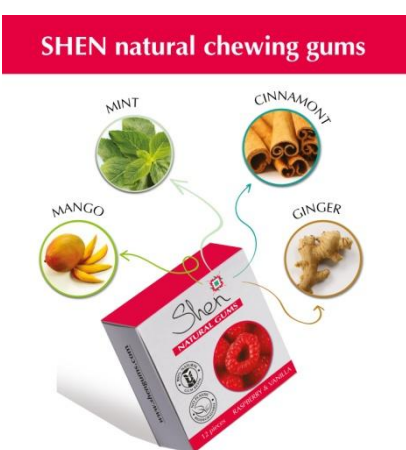
performance and expanding the visibility of the platform through digital marketing tools.

These interventions did not change the essence of the business model, but they significantly strengthened its functionality and future market potential. The platform moved beyond being only a digital listing space and advanced towards becoming a more intelligent service that supports both travellers and sustainable tourism providers in a more targeted way. This creates better conditions for increasing the number of listed eco-accommodation providers, attracting new users and expanding the booking of local experiences connected to circular and community-based tourism.

The testing process demonstrated that digital enhancement can play a decisive role in the growth of circular tourism services. In the case of **Konventia – Green Stay Croatia**, the introduction of smarter user-oriented functionalities showed strong potential to improve competitiveness, support the visibility of sustainable tourism actors and contribute to wider adoption of environmentally responsible travel choices.

Shen Gums – From niche product offering to awareness-driven circular market positioning

The Bulgarian WE.Circular Lab worked with **Shen Gums**, a company developing and distributing natural chewing gum made from biodegradable natural rubber and recyclable packaging as a healthier and more sustainable alternative to conventional gum.



During the co-creation process, the Lab experts and stakeholders analysed the company's existing business model and identified a key challenge: although the product itself was innovative and strongly aligned with circular economy principles, market visibility remained limited because many consumers were not aware that conventional chewing gum contains non-degradable plastics, while the sustainability and health benefits of Shen Gums were not yet clearly structured in the company's communication.

Having in mind the company's needs and the challenges identified, it was recommended to strengthen the existing business model by applying specific elements of **Business Model 5: Market Educators**. The proposed direction focused on

transforming Shen Gums from a product-centred niche business into a brand that actively educates the market, builds trust and creates stronger demand for sustainable alternatives. This included the development of an awareness-oriented communication approach, stronger storytelling around the plastic-free identity of the product, and the activation of partnerships with eco-retailers, health professionals and research actors.

Through the co-creation workshops and the subsequent business model testing phase, a clear opportunity emerged to reposition the company around consumer education and awareness building. The concept of the campaign **“What’s in your gum?”** was developed to explain the difference between conventional plastic-based gum and Shen’s natural biodegradable alternative. At the same time, the pilot supported the clarification of the company’s unique selling proposition, the restructuring of brand messaging, the improvement of packaging positioning, and the optimisation of digital marketing tools. Educational product concepts and focus group testing with parents and children were also explored as ways to make the business model more interactive and market-oriented.

By integrating these elements into its development pathway, **Shen Gums** began to shift from a business relying mainly on direct product sales towards a more awareness-driven and trust-based model. This new approach strengthens the company’s market differentiation, supports stronger communication of its environmental and health value, and opens opportunities for broader collaboration and future revenue diversification. The testing phase confirmed that such a repositioning can significantly improve the company’s market potential while reinforcing circular economy principles such as reducing microplastic pollution, promoting responsible raw material sourcing and encouraging more conscious consumer behaviour.

sosan.design – From product focus to service-enhanced business model

The Hungarian WE.Circular Lab worked with **sosan.design**, a small creative enterprise originally focused on producing unique, handcrafted bags. During the co-creation process, the Lab experts and stakeholders analysed the company’s existing business model and **identified a key challenge**: the business relied mainly on product sales, which **limited scalability and revenue stability**. Having in mind their needs and faced challenges, it was recommended to be applied change in the existing business model, and to be applied specific aspects from Business Model 6 Collaborative Ecosystems.



Through the co-creation workshops and subsequent business model testing, an opportunity was identified to expand the business model by introducing **styling and wardrobe consultancy services**. This new service complements the original product-based activity and aligns with the company's philosophy of **promoting conscious and sustainable fashion consumption**.

By integrating styling advisory services into its portfolio, sosan.design shifted from a single-focus product business towards a **hybrid product-service model**. This new approach allows the company to generate **additional revenue streams**, strengthen customer relationships, and promote **longer product use** and more **conscious purchasing behaviour**.

The testing phase confirmed that the new service element can enhance the company's market positioning while supporting circular economy principles such as reducing overconsumption and extending product lifecycles.

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