

# Chapter 17

## Transitioning From Medium to Large Companies in the Circular Economy: Key Factors for Colombian Companies

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### ABSTRACT

*In this chapter, some key factors of the companies were analyzed, which during the development of their activities marked positively or negatively their passage through different growth scenarios for the transition from a medium to a large company in a circular economy in Colombia. The methodology that served as the basis of analysis aimed at compiling the information in secondary sources of the growth data in the last five years (2014-2018) of 100 medium and large Colombians with more operational income. Focus explicitly was on those working with the concept of a circular economy, registered in public sources in Colombia, such as the superintendence of companies (Supersocieties) and EMIS database. After this analysis, the findings, conclusions, and steps of the analysis model were identified so that the transition*

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*between the different scenarios proposed would produce the expected results to the companies. The working hypothesis was that there are some key factors that allow a medium-sized company to become a large company in a circular economy.*

## **INTRODUCTION**

The difficulty to determine those factors and elements that condition or promote entrepreneurial growth increases when the perspective revolves around the different internal and external elements that could generate potential characteristics that promote such process and guarantee a sustainable expansion in the circular economy (Ruiz-Real, Uribe-Toril, De Pablo and Gázquez-Abad, 2018; Blázquez, Dorta and Verona, 2006).

Such reference seems obvious considering that expectations of managers and business owners about a circular economy are based on the analysis of the environment, looking for those external factors that condition the expansion as the best alternative to take advantage of the possibility to profit from a new segment or market. Besides, the business owner will tend to focus his/her internal efforts and economic resources on how to reach such market and how to face those external factors that condition his/her enterprise's growth, greatly strengthening internal areas such as marketing, sales and advertising, eventually leaving behind other processes that could be affected by such growth (Blázquez, *et al.*, 2006).

However, in recent years, new trends have emerged, whose analysis focus on the study of internal potentials that help explaining the position of the enterprise in a circular economy and how to make assertive use of the advantages that have been reached over time.

The objective of this chapter is to present some internal and external factors that promote the increase of sales of the most important Colombian enterprises in a lineal and circular economy; they will serve as reference to medium sized enterprises when becoming big enterprises (Mattos, Panzarin, Gomes & Ometto 2017; Montealegre and Calderón, 2007).

The methodology used was descriptive and the income data of the 100 medium and large Colombian companies with sustainable income in the last five years (2014-2018) were compiled. Data were taken from both companies in linear and circular economy, and twenty (20) of them, eight (8) with circular economy, were investigated, which were the factors by which they were stable in their sales in these years. Assuming that these are the factors that medium-sized companies must have to pass to large companies.

## **THEORETICAL FRAMEWORK**

### **Circular Economy**

In accordance with Bastante-Ceca, Fuentes-Bargues, Florin-Constantin, Iatu & Hufnagel, (2019) and The Ellen MacArthur Foundation (2013) the circular economy is based on the following principles: 1) the projection of products to generate zero waste, emphasizing on the optimization of products in their

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