

Chapter

4

Clean Commerce Is an Opportunity Sea Change



ninth edition
**NEW
VENTURE
CREATION**

Entrepreneurship for the 21st Century

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“Green” is the New “Black”

- If “green” is the new “black” and if everyone is doing it, what new opportunities are being spawned by this seismic shift?
- How can entrepreneurs create and seize the opportunities?
- How can a company differentiate itself in this rapidly greening market space?
- What are the risks associated with ignoring the green imperative?

Businesses Experience Clean Commerce Pressures

- Increased global regulatory pressure
- Demand for heightened transparency
- Growing public concern about the environment and health
- Environmental performance measures in procurement, from the investment sector, and in terms of public accountability

Sustainability

- Includes the concept of economic viability.
- Revenues and earnings must sustain ongoing business success, and profits must be reinvested into products and service improvements to drive future growth.
- Sustainability changes the role new ventures play in
 - Supporting communities
 - Improving human health
 - Protecting ecological systems

Looking Through a Sustainability Lens

- Three strategic facets
 1. Weak ties
 2. Systems thinking
 3. Thinking like a molecule

Green Chemistry

- Is the utilization of a set of principles
 - that embrace the reduction and
 - elimination of hazardous substances in the
 - design,
 - manufacture, and
 - application of chemical products.

Principles of Green Chemistry 1-6

- Prevent waste
- Design safer chemicals and products
- Design less hazardous chemical syntheses
- Use renewable feedstocks
- Use catalysts, not stoichiometric reagents
- Avoid chemical derivatives

Principles of Green Chemistry 7-12

- Maximize atom economy
- Use safer solvents and reaction conditions
- Increase energy efficiency
- Design chemicals and products to degrade after use
- Analyze in real time to prevent pollution
- Minimize the potential for accidents

Cradle to Grave

- Is a concept of sustainability.
- At the end of a product's useful life, its constituent materials (understood as assets, not waste) become inputs for new products or return safely to the earth.
- Thinking like a molecule allows you to understand the complete cradle-to-cradle life cycle of your products and manufacturing processes - not just the visible outcomes, but the microscopic ones as well.

E-Factor Defined

- A metric to measure the ratio of inputs to outputs in any given product.
- E-factor measurement tells you how many weight units of output one gets per weight unit of input.
- This figure gives companies a sense of process efficiency and inherent costs associated with waste, energy, and other resources' rates of use.

Transition to Sustainability and Clean Commerce

- Requires new:
 - technology
 - products
 - markets

Providing these has historically been, and remains today, the role of the entrepreneur.

EXHIBIT 1

Target Customers

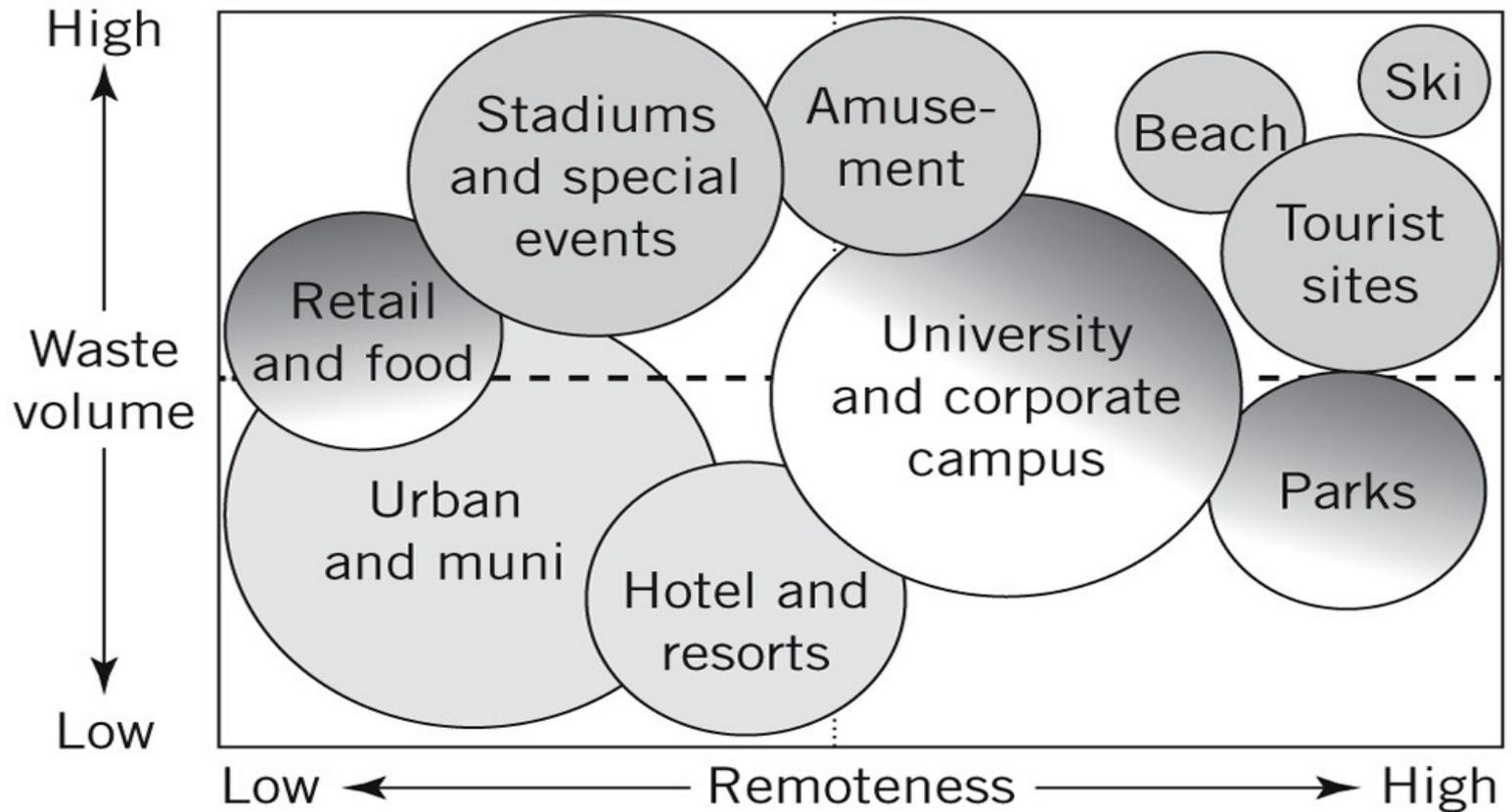


EXHIBIT 2

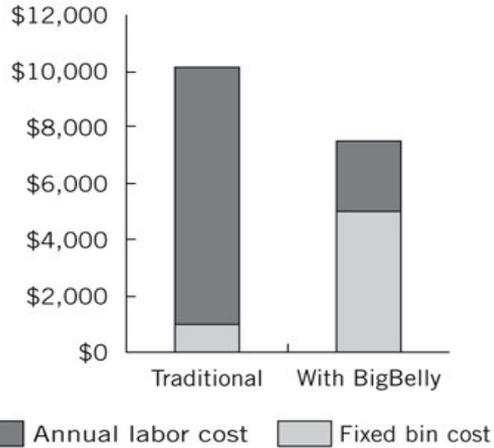
The BigBelly Arrives in Vail



EXHIBIT 3

Customer Economics

Remote locations (e.g., ski resorts)



Urban locations

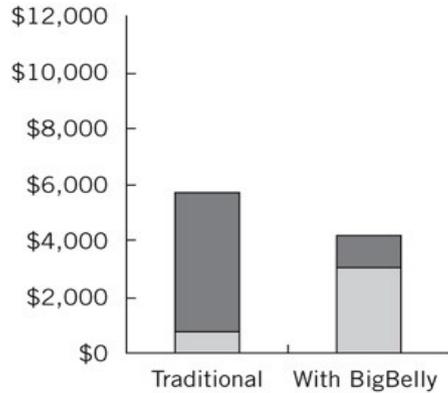
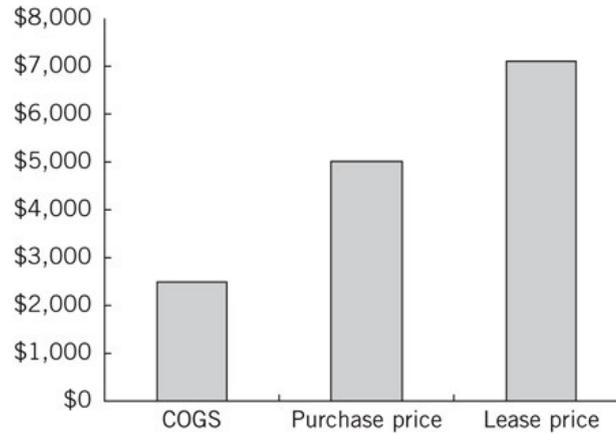


EXHIBIT 4

BigBelly Economics

Near-term



In five years

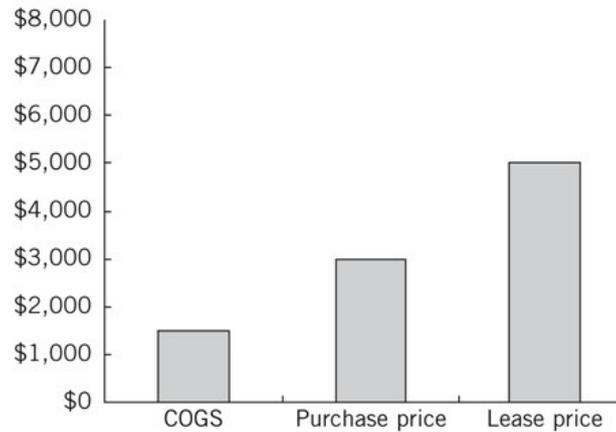


EXHIBIT 5

BigBelly CAD Schematic

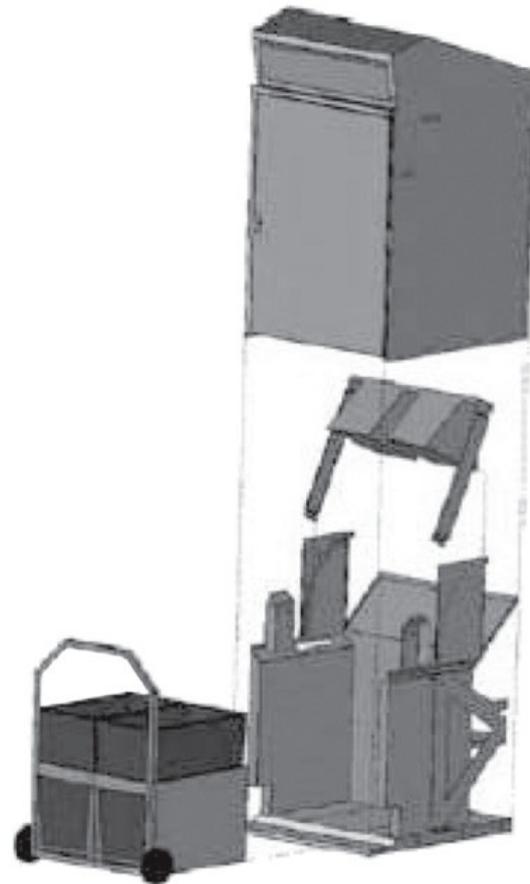
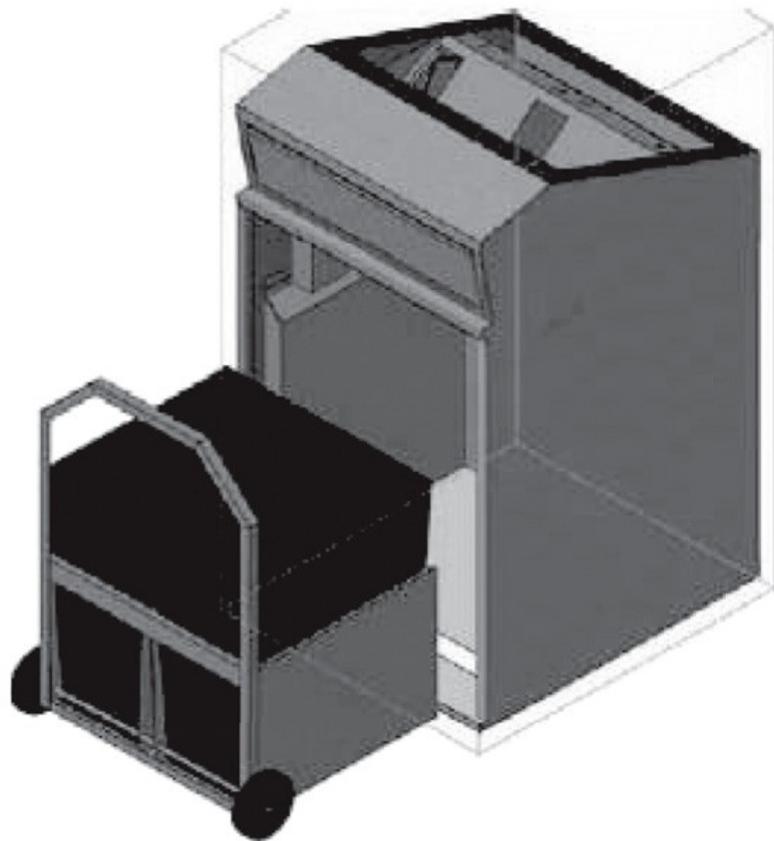


EXHIBIT 6**SPC Financial Projections**

	2004	2005	2006	2007	2008
BigBelly unit sales	50	300	1,200	3,600	9,000
BigBelly revenues	\$225,000	\$1,200,000	\$4,200,000	\$10,800,000	\$22,500,000
Hippo royalty revenues	0	120,000	525,000	1,620,000	3,937,500
Total income	225,000	1,320,000	4,725,000	12,420,000	26,437,500
COGS	146,250	660,000	2,100,000	4,860,000	9,000,000
Gross income	78,750	660,000	2,625,000	7,560,000	17,437,500
SG&A	400,000	1,600,000	2,600,000	5,000,000	11,000,000
EBIT	(\$321,250)	(\$940,000)	\$25,000	\$2,560,000	\$6,437,500

EXHIBIT 7**Market Size and Penetration**

	2004	2005	2006	2007	2008
<u>Top-Down</u>					
SunPack market* (\$ billions)	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
SunPack % penetration	0.0%	0.1%	0.5%	1.2%	2.6%
<u>Bottom-Up</u>					
Total potential customers**	30,000	30,000	30,000	30,000	30,000
Potential units/customer	20	20	20	20	20
Total potential units	600,000	600,000	600,000	600,000	600,000
Cumulative units sold	50	350	1,550	5,150	14,150
Cumulative % penetration	0.0%	0.1%	0.3%	0.9%	2.4%

* Assume \$600,000 BigBelly market (5% of \$12 billion waste receptacles sold to target segments) plus a \$400,000 power unit market (\$1.2 billion compacting dumpsters sold/\$12,000 average price × \$4,000 per power unit).

** Assume 400 resorts, 600 amusement parks, 2,000 university campuses, 5,000 commercial campuses, 2,200 hotels, 4,000 municipalities, 57 national parks, 2,500 state parks and forests, 3,700 RV parks and campgrounds, and 17,000 fast-food and retail outlets.