

180 DC Consultathon: The Beginning

CASE STUDY: How can Betafuel, within the next six months, attract the remaining funding of Rs. 7.5 Million needed to secure the project start in Bhutan and make a successful market entry?

Introduction

Client background:

BetaFuel is a start-up, based in India looking to make a *market entry* in Bhutan, in the beginning stages of its development. Betafuel's long-term vision is to become a leader in supplying renewable energy developing countries through its innovative and sustainable business model. Through manufacturing and distributing renewable fuel cookies to urban and rural Bhutanese households, Betafuel aims to provide fuel security and overcome health issues caused by traditional open fire cooking. However, to do so, Beta Fuel must attract necessary funding in order to initiate the project start in Bhutan.

Betafuel's mission is to implement a solid business model in Bhutan that comprises appropriate technology, an absence of raw material costs, decentralized production and a concrete distribution system. To do so, they need to raise the capital needed for the startup within a period of six months through fundraising

Current status:

As of now, Betafuel has yet to apply as a company to the Bhutanese government and hence has to consider the legal requirements of setting up a company and being a distributor of stoves and manufacturer of biomass. In terms of funding, to attract the necessary funds in order to initiate the project start in Bhutan, Beta Fuel needs to further legitimize itself, especially when pitching to sponsors for funding. The most effective way of legitimization lies in assessing potential challenges and risks involved for a successful start of the project in Bhutan. By helping Betafuel understand its risks and goals, we can provide further credibility to the organization.

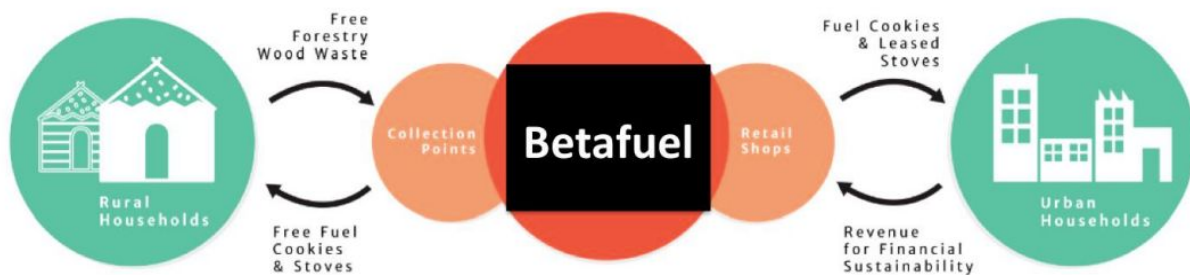
The amount of funds required is approximately Rs. 7.5 Million.

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Model of operation:

Beta Fuel gives Philips stoves away for free to rural households in return for biomass waste collected by rural household participants. This biomass waste is dried and made into fuel cookies, using Betafuel's machines (which are unique to Beta Fuel; they are expensive and sourced from abroad) in their own local factory. Furthermore, the fuel cookies are only compatible with the Philips stoves provided. However, this process means that fuel cookies emit very little polluting black carbon, which alternative biomass waste emits. Rural household participants who collect the biomass waste for Biofuel will get a specified quota of free fuel cookies and a free Philips stove. At the moment, the company buys from the sole supplier of stoves in Bhutan. Surplus fuel cookies collected and stoves are sold to urban households at subsidized prices (sold in retail outlets, in urban Bhutan).

The cookie designs and machines make Beta Fuels products more efficient than existing biomass fuel and hence the team believes that the product will be attractive to Bhutanese locals.



Market assessment:

The intensity of rivalry in the biomass fuel space is almost non-existent. At the moment, there does not seem to be much threat from new entrants. There are considerable barriers to entry in the fuel cookies market. However, there are potential substitutes to fuel cookies. Whilst biomass fuel is the primary source of heating and cooking in rural Bhutan at the moment, there is an ongoing technological shift in urban sectors of Bhutan as there is a greater reliance on electricity and LPG as forms of heating and cooking.

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The competition between Biofuel and the other players in the market of fuel in Bhutan is illustrated by the following observation: 91% of households in Bhutan use biomass in the form of fuelwood for cooking, light and heating. The remaining 9% is divided over liquefied petroleum gas (LPG), kerosene and electricity. On the other hand, attempts to change the cooking habits of the Bhutanese people have proven to be unsuccessful.

Additional information

- Awards won: 'Innovation Against Poverty' grant by government development agency, various entrepreneurship awards
- The team consists of:
 - ❖ Founder and Executive Director: 7 years of experience in Asia, Europe and Africa including work on similar projects before Beta Fuel.
 - ❖ Founder and Marketing Director: Bhutanese man who has worked with farmers, community forests and marketing agricultural products.
 - ❖ Partner: based in India, provides support association for Betafuel, has experience with handling innovation, design and sustainability projects.
 - ❖ Their advisors have 20+ years of management and business development experience.

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Task: The Problem

Beta fuel has on-boarded you as a Management Consultant to provide a solution to two major Challenges of **Market Entry and Fundraising**:

Problem 1:

[10 Points]

[5-8 Slides] Consider the risks, challenges and constraints involved that Betafuel should be aware of, given the operating model described above in Bhutan. Focus on the legal, economic, and geographical context of the problem. Where applicable, state assumptions or point out where there is a lack of information provided.

- Legal: for setting up a firm, biomass consumption, Economic: consider data collection issues (think demand and supply), Other constraints? Geographical? Social/political?
 - Hint: You can **PESTEL Analysis** here.
- Use **Porter's Five Forces** (think revenues and costs) and assess economic risk given the information provided.

Tip: You can use any suitable alternative frameworks covering these factors. Beginning with a hypothesis, and suitable conclusion or recommendation after your analysis would be a bonus.

Problem 2:

[10 Points]

[5-8 Slides] Evaluate the advantages and disadvantages of potential channels and sources of funding, and establish success criteria for selection of these methods given the context of the case study. Which of these is the most appropriate, and realistic source of funding given our constraints?

- Evaluate forms of funding categorising as **Individual, Private and Public institutions** and then subcategories as grants, CSR programs and government assistance, crowdfunding etc. Use **Cost-Benefit Analysis** and strategise the best possible source of funding.
- What should be included in the funding template? How and what information should be pitched to the investors to get the funds? [You are just required to mention **Unique Selling Points(USP)** and other Key points to be considered in the slides]
- Propose a type of **Marketing Strategy** to ensure growth/traction of the business.

*Tip: Use an **issue tree**, develop success criteria and assess the costs and benefits of your chosen funding source. You can include hypothetical figures, as per your wish. A convincing narrative/story, marketing/social media skills, strategic recommendations would be a bonus. Remember, you are entering into a different country, bhutan, so do consider some*

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Instructions:

All Slides must be submitted to https://bp-gc.in/Case_1_Submission by no later than midnight, 11:59 PM on Saturday, 4th July 2020 as PDF format. Please name the slides in the format of "Teamname_Case1"

- The submission should be in Presentation format. You can use any presentation tools (Google slides, Microsoft Presentation, Prezi, Canva etc) & templates. Make sure that you don't use any fancy templates and keep it minimalistic and professional. **Maximum slides should be 15** including the Intro/conclusion.
- Communicate a clear and consistent message. Structure your presentation in a coherent fashion. Justify your recommendations with reliable evidence and suitable rationale. State any assumptions and further information used in your analysis.
- Most information is not useful in a case, so don't overpower irrelevant information.
- We know that case is very challenging but there is certainly a very steep learning curve while you are solving this case as it was a real-life case implemented by 180 DC.
- **Evaluation Scheme:** Both Problems contain **10 points each**.

Problem 1	10 Points
Problem 2	10 Points
Total	20 Points

The case has very good weightage, so make sure you give your best to proceed further in the Consultathon. The best cases will be featured and It can also give you a very good head start in the leaderboard and who doesn't like to top the leaderboard ;)

Reach out to us in case of any queries. Best of luck!

Adapted by:

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