

# Bio-renewable Resins for Paint

## Helping a Start-up Company Develop a Plan

A major university in the Southeast US developed a new resin based upon castor oil and soybeans, all renewable resources. The university wished to commercialize the technology but did not have the ability to assess the market opportunity nor determine its commercial value. As a result, StrategyMark was chosen by the university to work with the professors who developed the technology to analyze the commercial opportunity, develop business model options and to write a full business plan. Of particular interest to the client was determining the optimal business model, whether to sell resin or to sell paint made from the resin.

The project included:

- Consumer Research to determine consumer interest in paint made from renewable resins, validation of tradename and testing of price point.
- Industrial Research and interviews with major resin producers to investigate the value of bio-renewable resin, either for merchant sale by the university and/or technology license to resin producers.
- Development of three alternative business models, including financial analysis for each, to assess the net present value of expected cash flow and determine the best model. From this analysis a valuation was developed for the business along with an exit strategy.
- Development of a detailed Business Plan which included sales, marketing, and operations.

The client implemented the recommendations and successfully entered the market as a paint producer. Ultimately, the client used the financial models for the project to attract private investors and exit the business.



### Highlights

#### Opportunity

A new resin technology based on castor bean or soybeans with better performance than synthetic resin derived from petroleum.

#### Challenge

The client needed to assess the commercial opportunity and develop a strategy, business model and business plan.

#### Result

A project was conducted to understand the inherent value of the technology under different scenarios including licensing, manufacture of resin for merchant sale, and manufacture of paints containing the resin. The client successfully entered the market and eventually divested at a substantial profit to private investors.