

## Company Overview

- Grupo BRECA is a large Peruvian conglomerate whose companies (10) operate in mining, paint, fishing, and real estate
- Their innovation Lab, BREIN, is responsible for uncovering and developing innovation for BRECA's Business Units (BUs)
- We worked with BREIN's **Technology & Design (T&D) Lab**, which partners with startups and universities/research centers to identify disruptive technologies and integrate innovation



## Problem Statement

- We helped BREIN's T&D Lab design a solution to:
  - Measure success in terms of technological innovation and assess value created by BRECA's BUs
  - Construct an incentive system or marketing methodology to attract BRECA's BUs
  - Determine the most efficient organizational and financial structures to speed up technological innovation processes

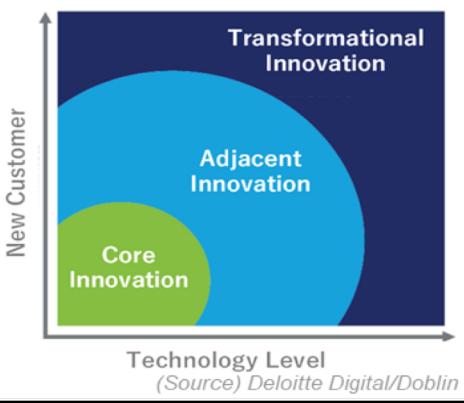
## Research and Onsite Findings

- Remotely, we designed a **framework** that provides a **new organizational structure and a valuation model** to fuel innovation at all BUs
- On site (in Lima), we interviewed **12 employees across 3 BUs** and identified QROMA (paint company) as the best candidate to validate our hypothesis by doing a deeper analysis and identifying an appropriate pilot project
- Our additional findings led to **2 sets of recommendations**: one for BREIN, and one for QROMA, to be adjusted & extended to other BUs



## QROMA's Action Plan

Structure	Segmentation	Transparency
<ul style="list-style-type: none"> <li>Appoint a <b>director/VP</b> to oversee all innovation projects across the firm</li> <li>Source innovation ideas/projects from all departments for <b>inclusiveness</b></li> <li>Communicate internally around <b>success stories</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Segment innovation</b> into "Core", "Adjacent", and "Transformational" projects</li> <li>Allocate <b>15-30% of innovation budget</b> to "Adjacent" and "Transformational" projects</li> </ul>	<ul style="list-style-type: none"> <li>Set up an <b>innovation committee</b> that covers "Adjacent", and "Transformational" projects</li> <li>Empower employees to submit business cases by sharing the <b>valuation framework</b></li> <li>Tie managers' <b>compensation</b> to <b>innovation related KPIs</b></li> </ul>



## BREIN's Action Plan

Level of Involvement	Visibility across the Innovation Portfolio	Perception of BREIN by BUs
<ul style="list-style-type: none"> <li><b>Define and communicate KPIs</b> for accountability with QROMA</li> <li>Sign a <b>formal agreement</b> that sets expectations for each new project</li> </ul>	<ul style="list-style-type: none"> <li>Appoint an <b>account manager</b> to manage the relationship with QROMA</li> <li><b>Embed</b> some T&amp;D Lab staff <b>at QROMA</b></li> <li>Use the <b>valuation framework</b> to educate partners and prioritize projects</li> </ul>	<ul style="list-style-type: none"> <li>Meet QROMA CEO and share BREIN's <b>vision to become an innovation partner</b></li> <li>Organize <b>social gatherings at QROMA</b> for cross pollination</li> <li>Send a <b>monthly newsletter</b> to QROMA's executives</li> </ul>

New revenues	100,000	100,000
Probability of realization	70%	70%
Adjusted revenues	70,000	70,000
Cost synergies		10,000
Total cash flows		80,000
Discounted CFs (10% rate)		72,727
NPV	253,589	
Consulting fees	20,000	
Payout to startup	40,000	
CF available for distribution		62,727
Success fee (10%)		6,272
<b>Total payout to BREIN</b>	<b>41,359</b>	

