

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

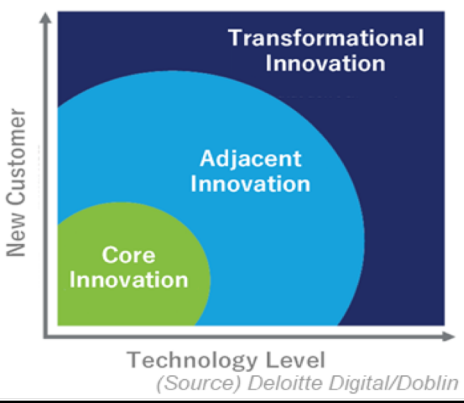
Research and Onsite Findings

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



BREIN's Action Plan

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

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
Total payout to BREIN	41,359	

