



MBA Entrepreneurship
Vilnius University Business School

MBA ENTREPRENEURSHIP PROGRAMME

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THE REPORT ON EXPERIENTIAL ENTREPRENEURSHIP PROJECT

*Developing a Business Model for a Public Incubator:
Enriching the Innovative University Ecosystem.*

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Introduction

Green&Young is the first public start-up - of Italian consultancy in the field of innovation and sustainability inserted within a macro context that constitutes, for Bicocca University Milan, a real innovative ecosystem. It is entirely inspired by the 18 Goals of the United Nations included in the Agenda2030 and offers advice, implementation and growth and development paths not only for start-ups, but also for all kinds of economic realities, associations, private clubs and foundations.

The *mission* is therefore to help the economic realities of Northern Italy to face the "*green revolution*" strongly desired by the Italian Government and the Ministry of Economic Development, while the *vision* is focused on making the current economy increasingly aware of the need for a change that is oriented in a direction that can meet the needs not only of the company itself but also of society and the entire environment in general.

Why *Green*? Because all our action will be oriented in terms of sustainability.

Why *Young*? Because our teams will be composed of young and talented students, diligently chosen by an ad hoc Talent Commission, who will deal, on the basis of their skills, with the different functions of the company: from human resources to marketing, from logistics to finance, from the digitalization of processes to the circulation of information.

Innovation is not only in the structure and the business core with which G&Y launches itself on the market, but also on the process; a specific process has been identified, that takes into account the corporate culture and individuality of each customer by offering an extremely personalized business to business experience

G&Y as an element of an ecosystem is inserted in a dense network, with the University and the R&D centre, towards which a precise value proposition is prepared.

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Problem/opportunity

Being an element of a larger ecosystem, G&Y is embedded in a dense network of relationships.

On the one hand we have our direct consumers; start-ups with fewer than one hundred employees and service companies with more than one hundred employees. To investigate the profile of our consumer I have completed research that is developed in three methods of investigation.

- *Quantitative approach*: the survey in this case was projected to understand which market was available, this through the two most authoritative sources: ISTAT¹ (the Italian Statistical Institute) and the Italian Chamber of Commerce², the latter essential to understand which companies were still active in the Lombardy Region. From the analysis of the Istat data it is clear that currently, only in Lombardy the service companies are an important number, more than 218,700 small and medium-sized enterprises, a remarkable market calculating only one Region in the entire northern Italian area.

- *Qualitative approach*: from a more than two-year study conducted by interview with forty-seven companies, thirty of which are medium-sized enterprises and seventeen start-ups, It is clear that companies currently feel the need to follow the green revolution and progressive digitalization, but do not have the internal tools needed to cope with this enormous change. What is more, in addition to the impossibility for a start - up to apply to a consultancy agency because of the high costs of the service³.

- *Inward approach*: being an employee of Ernest&Young, a direct competitor for reputation, allowed me to interview some senior managers and listen to the difficulties that counselling agencies face related to conflicts of interest, the protection of reputation at all costs and, above all, the provision of the primary good for advisory services: *knowledge*.

The result is almost similar; Our consumers try to solve a managerial problem inherent in either an innovative aspect or the progressive digitalization of processes and try to do so not only solving the problem but also growing over time, implementing sustainable function and seeking to increase brand value. The most obvious pains concern the lack of two economic resources and time, to which is added, for start-ups, the lack of knowledge in a sustainable environment and the lack of financial resources expendable for the recruitment of hybrid managerial figures.

For completeness of information also the University Milano Bicocca⁴ and the R&D Centre are our consumers; with the first our offer is of support in order to increase the position in the ranking and

¹ <https://www.istat.it/>

² <https://www.milomb.camcom.it/home>

³ Riccio M.; Innovation as Strategic Lavarage, MSc Thesis; International University of Milan – Bicocca; 2019

⁴ <https://www.unimib.it/>

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confirm itself leader in the Lombardy institution, with the second instead - hypothesis still to be validated - our services are concentrated on the commercialization of the inventions and the patents that are created. The lack of knowledge in the field of business inhibits the ability to profit from the outputs of the R&D Centre; we want to support this type of activity by assisting the formulation of winning business plans.

Value proposition

Before clarifying how our service works and what is our value proposition, we must first say that the two key words of G&Y are ambidextrism and innovation.

The whole service is inspired by the concept of ambidextrism⁵, that is, a start-up that aims to build a capacity to pursue continuously and simultaneously stability and innovation. Where innovation takes on a central significance in the structure.

Which kind of innovation? We can refer to J. Schumpeter⁶, trying to theorize the different types of innovation;

- *Product innovation*: we mean the design of new products and/or services or the modification of their functional characteristics;

- *Process innovation*: understood as innovations that bring changes in the way the product and/or service is offered.

- *Organizational innovations*: we mean all those innovations that bring changes in the way of organizing the internal structures of the company;

The uniqueness of G&Y can be seen from different points of view.

Our teams are real task forces ready to help companies implement the sustainability element in management and practices. Our teams are multi-ethnic and inclusive, with high skills and references⁷. But our innovative value proposition does not go away here, our process is also extremely innovative. As we see our method consists of 4 steps.

The first step takes the name of "**Earth**" and is the phase of *pre - engagement*, where the task force visits the customer. The goal of this phase is to meet the Management of the client company, understand its problems, study and observe its culture. Starting from the assumption that if you don't identify the culture of the customer, it's impossible to implement any action⁸. At this stage, which lasts one working week, the team collects the necessary data and information.

The second phase is called "**Wind**" where the team meet and begin the briefing phase; they evaluate the hypotheses, the possible solutions, how to organize the interventions. It's the stage of creativity and abstract thinking where different plans are made⁹.

After we move on to the third phase with the name of "**Fire**" because it's in this phase that we move on to the action. Once the team has drawn up a series of intervention or growth plans, it meets the

⁵ M. Franco; A. Cerimele; Complexity; Ambidextrous organizations between routine and black swans; researchgate.net

⁶ J. Schumpeter; Capitalism, socialism and democracy; Etas publisher 2001

⁷ E. Schein e P. Schein; Organizational Culture and Leadership; RaffaelloCortina editore; 2020

⁸ E. Schein e P. Schein; Organizational Culture and Leadership; RaffaelloCortina editore; 2020

⁹ J. Geoffrey Rawlinson; Creative Thinking and Brainstorming; Routledge 2018

Management and shows the assumptions. If the customer wants to start the collaboration, then you sign the real *engagement contract* and implement the plan agreed with client.

The last phase is called "**Water**" because it is the phase of control and monitoring of the intervention, we try to understand in other words "if everything is flowing in the right direction"¹⁰. The duration of this phase depends on the contractual terms established during the Engagement phase.

This value proposition has already been validated: we have simulated the full activity of G&Y on Unimib platform and we have, in ten days, and without related marketing activities, had two requests from two start-ups; by Credimi for a sustainable plan in order to decrease high turnover and by Hevolus Innovation to follow the launch of some green products.

¹⁰ P. Lind; Monitoraggio delle prestazioni aziendali: modelli, metodi e strumenti; Routledge 2018

Business model

G&Y, being an element within an ecosystem circuit, presents a business model extremely complex, we try to go for points.

- ✚ *Value proposition:* Our value proposition is articulated in task forces that support the enterprises in the green transition, supporting the activities of the University and commercializing the inventions of the center R&D.
- ✚ *Customers segments:* Active participation in the ecosystem means that our relationships are not only projected to our target market but also within the ecosystem, with the University and the R&D center in order to create value inside and outside G&Y.
- ✚ *Customer relationship and channels:* The relationship with the customer is fundamental in our method for this we can talk about processes of co - creation; we do not want to provide only a great service but get to levels of satisfaction such that we can create, in Milan, a solid network. To reach our customers, we will predominantly use online channels and platforms made available by the University. Offline activities will be concentrated especially during major events, such as Expo, Milan Fashion Week or Confindustria events in Rho.
- ✚ *Key partners, resources and activities:* In addition to the University and the R&D center, another key partner in the financial perspective is the government; G&Y has a public legal nature for this reason it is necessary to accept the requests also of actors not directly present in the ecosystem or in the reference market. The fundamental resource, in addition to the physical ones, directly made available by the University - the office - fundamental for our activity is the ability to identify and attract talent. In this regard, an ad hoc commission is prepared and a Talent Week in which there will be the opportunity to observe future talents who will join Green&Young. Key activities ultimately focus on consulting, as mentioned above, but also support and branding for partners.
- ✚ *Cost structure:* The cost structure in our case is extremely variable, in addition to fixed costs inherent, for example, subscriptions to software useful to maintain the accounting, there are also the start-up costs, inherent in the opening event, but above all costs inherent in the mobility of our teams.
- ✚ *Revenue structure:* The sources of revenues are manifold, our service core remains the eco-consultancy, but huge revenues could be generated by the participation to events, from the sale of data accumulated in various projects to the Government - useful to monitor the progress

of the green transition of the start - ups - and resulting from commercialization of outputs of the R&D center.

Business model will come validated to the beginning of the activities of G&Y, the greater perplexities are installed in the ability to be able to maintain alive all the instances of the stakeholders¹¹. Much will therefore depend on the capacity of the managerial structure, which I will explain later, to be able to respond to the needs of the multiplicity of actors that characterize our environment.

¹¹ R. Edward Freeman; Teoria degli stakeholder: Lo stato dell'arte; Cambridge University Press 2010

Go-to-market plan

Our go-to-the-market strategy is entirely inspired by Porter's marketing precepts¹² and service science¹³ in order to form a customer funnel.

We start with the phase of *Awareness* and *Interest*, where the goal is to make us known in the market by participating in fairs, conferences and special events in Milan.

It is the stage where interest in our new brand is formed and where generic information about our core business is provided.

Once the reference market is informed, we move on to the *Consideration* phase, the leads approach our start-up and the information becomes more detailed, it concerns prices, how the service works, the guarantees, the engagement etc. This through our web page, social channels and advertising campaign with university partners.

In the *Evaluation* phase, the customer has decided whether or not to purchase our services. The goal is therefore to feed the decision-making process with even more detailed. We try to bring the customer to our office and show them closely how the work teams, the environment and what values we are inspired by.

The *Purchase* phase, the penultimate step, begins when the customer has decided to use our services. The goal is to provide the best experience possible so that the customer can act as our spokesperson. This step is fundamental because the excellent delivery of the service, on the one hand allows to increase the value of the brand, on the other hand to be able to carry out the last phase, that is, the network phase.

In general, the funnel customer concludes with the purchase, in our case is different.

The last phase is fundamental and concerns the phase of *Relationship*, that is to maintain a stable relationship with the customer even after the service. This for two fundamental reasons: the first is to induce the customer to buy back our service, the second concerns the construction of a network. Having a relationship of trust with the customer, from proven studies, helps the ecosystem to exploit the economic effects both cross-side and same-side¹⁴.

Our Strategy does not end with our reference Market, but continues within the Ecosystem. The key word in the relationship with the University is branding. Today, for Italian universities, the value of the brand is crucial because it attracts talent, funds, initiatives and popularity. The ability to have G&Y in your ecosystem increases visibility and rankings.

¹² M. E. Porter; *On Competition*; Harvard Business Review Book

¹³ C. Lovelock; *Marketing services. Human resources, technologies, strategies*; Pearson 2007

¹⁴ Newman, M., Barabási, A.-L., & Watts, D. J. (Eds.). (2006). *The Structure and dynamics of networks*. Princeton University Press.





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As for the relationship with the R&D center Bicocca Milano, the key word is marketing: the research center does not need to turn outside to market new inventions or new products. We take care of the business process for free. This keeps the commercial relationships of the ecosystem alive, where the value is generated by the individual elements and then divided into the entire circuit.

Competitor analysis

Our goal in the reference market is not to compete with the TOP 5 of the consultancy that share the market, but rather to try to compete with the most well-known B2B companies in Lombardy.

The competitive analysis focuses on the core business of the opposing companies, the following table may be illustrative for these purposes;








	Financial and accountability advice	HR advice	Communication advice	Sustainability advice
				
	✗	✗	✗	
	€	€	€	
	✗	✗	✗	

Table 1; Competitive table

As we can see the direct competitors are EY project Department; Andrew&Sax and Spada media group. The first difference that stands out to the eye is that all these companies have different core businesses, none of which has a service that includes sustainability in its multiple size and structure. Another fundamental fact is that none of these companies has ad hoc services for start-ups, economic realities that, unlike already structured companies, require a fundamentally different approach. This leads to the third big difference in affordability; direct competitors, especially EY, are overly expensive for start-ups and have standard approaches that often don't work for small businesses that need, as mentioned, of dissimilar logics. G&Y, thanks to its public nature, offers a system of variable prices in relation to customer requests.

Last, but not least absolutely important, is the supply function.

KIBS services¹⁵ - Knowledge intensive business services - are services that by their nature require a high level of knowledge, knowledge that comes from universities, from R&D centres. Our

¹⁵ A. Cabigiosu; Innovation in Knowledge Intensive Business Services; Routledge 2021

competitors pay handsomely for this resource, in addition to the difficulties inherent in the value chain around the supply function, we instead get immense amounts of knowledge for free. As we have seen before, the key word in the ecosystem relationship with the R&D center is marketing; on the one hand G&Y develops the business of any output, working on all aspects, from marketing to finding the right investors, from the technology needed to launch to possible internationalization. On the other hand, however, the R&D center passes every month all the progress in the field of sustainability, provides us with information, knowledge, updates on exogenous trends; a continuous flow of knowledge is transferred from the R&D center to GY free of charge and at almost lightning speed.

Team of the project

The project team and the Governance structure are fundamental in a project as articulated and complex as this, which requires constant support to the activity, Fluidity in communication and communication methods checks in order to avoid the information being dispersed in the circuit.

The Supervisors, who have undertaken to guide us in our activities, are Prof. A. Sancino, Professor of Sustainable Management; Prof. M. Delsignore professor of private law and known Milanese and finally Doc. Pasi Head of the Computer Science Department.

G&Y in its initial phase will consist of four task forces composed of students from the departments of Economics and Management, Informatics, Law, Human Resources and Finance, each of which in turn is supervised by one of the five team leaders, they are:

- **Burmachach Tomoeva** was born in Kyrgyzstan. She has a BSc in International Business from America College, an MSc in Management and Marketing and is currently a PhD in Marketing and Communication Technologies. She will take care of the aspects related to Marketing and Public Relations, speaking seven languages. Together with Dr. Cappiello will manage the relationship with the university.
- **Rosario Cappiello** is Italian. He has a BSc in Finance at the University of Turin, an MSC in Green Finance and is currently a PhD Fintech. Together with Dr. Tomoeva, he will deal with the relationship with the University and the financial aspects.
- **Simone Polino** is Italian, He has a BSc in Management Engineering at Polytechnic di Milano, an MSC in Legal and Technological Services for Enterprises and is currently a PhD in Technological Innovation. In collaboration with Dr. Quiazaibe is responsible for relations with the R&D center, and thanks to his enormous computer skills he is responsible for the supervision and processes in the technological field.
- **Eleonora Quiazaibe** was born in Angola, has a BSc in Statistics and Accountability at the University of Cape Town, an MSC in Management and Sustainability and is a PhD student in Business for Society. Together with Dr. Polino, she is responsible for the relationship with the R&D center, and her skill with numbers makes her fundamental in the management of reporting.
- **Mattia Riccio** has a BSc in International Economics and European Law, an MSC in Management and Service Design, an MBA in Entrepreneurship. Future PhD in Business for Society. He will take care of the Management in general; the fundamental task is to always

keep the active information within the system and coordinate the various projects followed by the four task forces.

The decision-making processes are taken in a circular manner, with meetings at the beginning and at the end of the week. And then report the monthly performance to our Supervisors.

The choice of this Governance where responsibilities and power are horizontal¹⁶ rests on the awareness that to make the complex apparatus of G&Y work well there is a need for a managerial team capable of moving as one person.

¹⁶ Fitzpatrick, T. (2000). Horizontal Management: Trends in Governance and Accountability. Canadian Centre for Management Development Action Research Roundtable on the Management of Horizontal Issues. Retrieved April, 2009

Financial projection and key metrics

We begin briefly to describe our sources of funding;

Entity	Amount	Typology
• Italian Government;	70.000,00 €	LOST FUND FINANCING
• Bicocca University	15.000,00 €	Fund disbursements
• Lombardy Region;	10.000,00 €	LOST FUND FINANCING
• European Union;	25.000,00 €	Funds and loans on a parametric basis
Total	120.000,00 €	

Table 2 Financial sources

The Government, specifically the Ministry of Economic Development, remains our main source of funding, to which the Bicocca University of Milan is obviously added.

Fundamental partner is also the Lombardy Region with which it is hoped to soon reach an agreement inherent in facilitations in relation to the costs of mobility in the territory. Finally, the European Union is to be considered, only with a view to an internationalization strategy, especially with regard to the green Bonds.

We continue with the table that illustrates the costs in the two years of activity of G&Y;

Start up costs	Actual	Reference	After 1 year	Reference
<i>Accounting Services</i>	3.318,00 €	66,36*5 * 10	3.318,00 €	Business Central subscription
<i>Advertising and Promotion for opening</i>	5.000,00 €	Marketing, Set-ups and catering services		
<i>Equipment and Office Supplies</i>	2.500,00 €	Possible suppliers	3.500,00 €	
<i>Instaurance and Legal Cost</i>	2.250,00 €	750 + 1500 = Instaurance for employees and Legal edification act	750,00 €	Instaurance cost
<i>Salaries</i>	100.000,00 €	Salary Intership part time for employees 500 (Increase of 500 on PhD scholarship)	100.000,00 €	
<i>Software</i>	0,00 €	We'll use the ones from Bicocca		
<i>Other expenses</i>	2.500,00 €	Costs related to mobility	2.500,00 €	
<i>Online Marketing costs</i>	0,00 €	We'll use the ones from Bicocca		
<i>Offline Marketing costs</i>	10.500,00 €	Attendance at fairs, congresses, events	8.000,00 €	
<i>Cash</i>	15.000,00 €		20.000,00 €	
Total start-up costs	44.386,00 €		38.068,00 €	

Table 3 Costs sheet

As we see, the costs are very low; salaries are not considered because they are paid by the University through internships and increases on doctoral grants. The biggest expenses concern offline marketing operations, that is, our presence, massive in the first year, at trade fairs or congresses. Another important aspect is the costs of the accountability software; unlike the other management programs that are provided by the University, is a G&Y expense in that BC is one of the best and usefriendly programs out there even if particularly expensive.

Last the forecast of the revenues;

Activity	Price per month	Estimated revenue monthly	I Year	II Year	III Years
Business core: consulting	1.300,00 €	5.200,00 €	57.200,00 €	66.000,00 €	72.600,00 €
Complementary service: University business activities support		15.000,00 €	15.000,00 €	20.000,00 €	25.000,00 €
Complementar service: R&D commercialization		10.000,00 €	10.000,00 €	15.000,00 €	30.000,00 €
Complementary service: Events management into ecosystem	5.000,00 €	5.000,00 €	15.000,00 €	20.000,00 €	30.000,00 €
TOTAL		40.200,00 €	97.200,00 €	121.000,00 €	127.600,00 €

Table 4 Revenues sheet

This forecast covers both our core business - considering a single customer - and revenues from additional and support services to the University and the R&D center.

Let's move on to metrics, fundamental for the monitoring and control phase. In our case, important are *CAC* (*customer acquisition cost*) and *LTV* (*life-time value*), which we will now calculate considering the entire calendar year.

$CAC = \text{Sum of costs allocated for marketing strategies} / n. \text{ customers acquired thanks to those expenses incurred.}$ So, we will have $10500 / 10 = 1050$.

We would like to point out that marketing expenses are only related to offline marketing, considering our presence at fairs and congresses for a whole year and assuming at least to attract three new customers each time, that is, every three months (excluding July and August).

$LTV = (\text{Annual profit contribution} \times \text{Average time}) - \text{acquisition cost.}$

So, we will have: $7800 \times 1 - 1050 = 6750$. Where 1300 for six months is the profit from a single customer followed for six months multiplied a calendar year and subtracting then the total amount of the CAC.

Conclusion

Green&Young is an idea that originates from wandering many years in Europe, talking and meeting talented students from all over the world and from the awareness of wanting to help companies to become more sustainable. Focusing on business approaches that do not only consider the logic of profit, but also the creation of value for society in total respect of the environment and its resources, remains today a great challenge for all economic entities and not only.

Why not face these challenges with the immense talent, creativity, willpower and courage of the students, I have wondered during these years. Why not also help young entrepreneurs, start-ups and businesses become more sustainable.

From these two visions of the world was born G&Y that immediately was welcomed with great enthusiasm by the Rector Giovanna Iannantuoni of the University Milano Bicocca.

From September, the project of the first public incubator in Italy that has at heart the health of businesses, the environment and people will begin programming.

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