

Venture fine-tunes business plan, productivity

The full-time MBA program at the University of Tennessee College of Business Administration has partnered with the Technology 2020 Center for Entrepreneurial Growth to let students enrolled in its new Innovation and Entrepreneurship (I&E) concentration tackle the challenges faced by startup technology companies that commercialize UT or ORNL research. The objective is to let students “walk in the footsteps” of entrepreneurs to further their leadership skills and apply the knowledge they’ve obtained in the classroom.

Last fall, the students collaborated with PetroGreen, a new venture that produces biodiesel from animal fats and vegetable oils. The company asked the students and their faculty adviser, Glenn Swift, to 1) critique the business plan from the perspective of a private investor; 2) determine the feasibility of increasing annual production of biodiesel from 5 million to 20 million gallons; and 3) identify potential sites for production.

MBA students: Ryan Bolt, Kurt Gellert, Laura Nolen (project manager) and Dmitri Puchkov



Danner

Client partners: Mark Mauss, PetroGreen CEO; Travis Danner, PetroGreen vice president; Glenn Swift, UT faculty adviser; Tim Rials, UT research; and Geoff Robson, director of the Technology 2020 Center for Entrepreneurial Growth director



Mauss

The company: PetroGreen LLC is a new venture focused on producing and marketing biodiesel fuel. Biodiesel is refined into fuel from vegetable oils or animal fats. It can be blended with petrodiesel in any proportion, and it can be used in unmodified diesel engines. Formed in 2005 by Mauss and Danner as a Delaware limited-liability company, PetroGreen is one of the incubator companies receiving services from the Center for Entrepreneurial Growth at Technology 2020.

Much of the groundwork to begin production in mid-2007 is complete. Potential suppliers of regional vegetable oil and animal fats have been engaged in long-term supply contract discussions. Independent laboratory tests confirm that PetroGreen’s biodiesel exceeds the national standard for fuel quality. Detailed plant engineering is under way. Two production sites have been preliminarily selected. Plans for debt and equity financing are in place.

“The biodiesel industry is an exciting space to be establishing and grow-



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A Tennessee Department of Transportation employee fills a truck with biodiesel at Regal Petroleum’s Knoxville fueling station. PetroGreen hopes to begin producing biodiesel this year from animal fats and vegetable oils.

PETROGREEN LLC

Address: 362 County Road 422, Athens, TN 37303

Founded: 2005

Product: Biodiesel from vegetable oils and animal fats

Founders: Mark Mauss, CEO, and Travis Danner, vice president

Employees: Two

Timetable: Production expected to begin mid-2007

Phone: 423-744-8414

Web site: www.petrogreen.com

ing a business,” Mauss said. “This renewable fuel will help reduce our nation’s dependence on foreign oil while reducing toxic pollutants and greenhouse gas emissions from diesel vehicles. Biodiesel users will be investing in the local economy rather than sending the fuel dollars to hostile foreign countries. Beyond that, biodiesel production offers an attractive return on investment.”

The approach: Through its 13-week consulting engagement, the team followed a proven problem-solving framework of engagement, baseline development, research, benchmarking best practices, conclusions and recommendations, and predictable outcomes. The students conducted expansive research and collaborated with regional chicken-fat producers, economic development leaders and venture capitalists and hosted a session for Mauss with a private investor so that investor feedback could be obtained. Students and the faculty adviser each signed a statement of nondisclosure.

The results: More than 560 student and faculty hours over four months were devoted to the project.

The students digested the company’s business plan and financial model. They also critiqued the clarity of the plan’s communicated business strategy and enhanced the company’s financial model by suggesting an alternate method of valuing the business.

They discovered two potential production sites that met the company’s

detailed site selection criteria.

Additionally, through independent research, the team validated PetroGreen’s strategy for sourcing raw fats and oils. They confirmed that the company had identified the appropriate vendors in the marketplace and that management was talking to the proper suppliers.

“My interaction with the team was very valuable,” Rials said. “In bringing the perspective of financial analysts to the emerging alternative fuels industry in Tennessee, the team was able to clarify information needs and direction for us to move forward with our project.”

“As UT alums, Travis and I saw the project, in part, as a way to give back to our school,” Mauss said. “We were very pleased, however, at the direct impact the students made on our business. They offered pragmatic suggestions for strengthening our plans, and they eagerly engaged suppliers, real estate brokers and economic development agents, saving the company a significant amount of time and effort.”