**Group 3:**

**Entocycle – Entrepreneurial foresight, first mover advantage, leveraging resources**

Please note: it is important that you work together in your group to conduct desk research into the company, industry and market. You should not rely solely on the information provided below.

**Brief Case Synopsis – additional secondary desk research required**

Entocycle was set up in 2017 by Keiran Whitaker, who received a master’s in environmental design from the University of Manchester and had previously worked as a scuba diver instructor. The company farms insects for animal feed and soil conditioning products. When the business first stared Keiran located operations in the fashionable, under railway arches, at London Bridge. The company collected and fed local food waste to insects, including surplus fruit and vegetables, discarded brewer’s grains and coffee grounds. Insect farming has a much smaller environmental footprint than alternative sources of protein for animal feed and soil conditioner. This is consistent with the company’s vision to ‘restore the natural world by revolutionising the way we feed animals. In September 2021, the EU changed regulations to allow insects to be used as food for pigs and poultry, unlocking a huge potential market in animal feed. Many expect UK regulators, which currently permit insects only as pet and fish feed, to follow suit. The company is planning to build a large-scale farm in Scotland to sell insects to industrial animal feed producers in large quantities.

Entocycle has two revenue streams a) insects and b) licensing technology and management services to the industry.

1. Insects

Entocycle sells insects to the pet and animal feed industry. The original its research facility and commercial site in London produces 0.5 tonnes of larvae a month which Entocycle sells for £2.5k per ton. Its new farm in Scotland will produce 2,200 tonnes a year which should generate £5.5m of revenue at today’s prices. Entocycle already has commitments of sales of 150% of that future production capacity. A major challenge is that insect protein still costs roughly four times as much as soy and 50% more than fishmeal. However, prices should fall as farms get larger and the technology improves. Insects are already price-competitive for young salmon where farmers often use £4k-a-ton krill-meal. Barclays estimates that the insect protein market could be worth $8bn by 2030, up from less than $1bn today. Regulations in places like California and South Korea already makes companies pay for food waste removal, in effect pricing the environmental cost of waste. Endocycle provides a service by collecting and using such waste. If the UK imposes similar rules Entocycle’s economics would change significantly.

1. Licencing technology and management services

The second, and more important, revenue stream is the sale of hardware, licences to the proprietary software and a service management fee to traditional farmers and other businesses keen to build insect farms. Zero Waste Scotland, an environmental organisation funded by the Scottish government, is one of the bodies already actively encouraging people to “become an insect farmer and save the planet”. It is anticipated that this could well become the bulk of Entocycle’s business in the future.

**Case study brief**

Your task is to work together to conduct desk research into the company, industry and market and to conduct analysis from a range of different perspectives – context, the firm, strategic change and culture and strategy decision making processes, to propose strategic recommendations that will allow Entocycle to consolidate its position, establish sustainable advantage, continue to grow, respond to change and institute effective strategy decision making processes and practices. See the seminar schedule for a detailed breakdown. N.B. for industry/market analysis you will need to focus on one strategic business unit.

Sources:

<https://www.entocycle.com/press> - this is a very useful source that has links to a lot of secondary data sources

<https://www.entocycle.com/about>

https://www.theguardian.com/environment/2020/oct/06/insect-farm-supply-sustainable-animal-feed-wins-10m-london