

## **The Journey thus far.....**

This semester started with a review of what last semester's group did, with a view of trying to understand the problem associated with urban wood. Last semester's group business model was vertical integration, in which they would be involved in identifying infested ash tree, cutting it down, processing the lumber that came out of the tree, and then making a product for the end user.

We discovered that with trees within residential/business areas (urban forest) coming down because of storm damage, old age, accident damage, and various insect infestation (for example, the current Emerald Ash Borer (EAB) infestation in the city of Chicago), there is the need to create a viable urban wood industry that would generate a demand for urban wood. We also discovered that the Urban Wood market despite been underdeveloped, is a fragmented market in which most of the companies or people in that market are acting individually. So we saw this as a good opportunity to pull the market together under a unified service (Urban Wood Exchange). This, we believe makes sense because through a single internet company like ours, we can pull together a large portion of the market so that it is not fragmented any more.

The Urban Wood Exchange would be an electronic marketplace to connect all those who source urban wood, to those who process the wood to into products, and finally the end user of the finished product. Also, the web site would be creating awareness and education about the quality of the wood, in a view to change the perception of "no value" attached to the wood. The business would be a facilitator for meeting the needs of each of these segments. Our business model is tailored toward the brokerage model, in which we bring sellers and buyers together to enter into a fulfilling business relationship, that could range from business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets.

As an internet based business, its revenue and earnings are expected to accrue as an indirect function of its free use. That is, it would cost a prospective client nothing to put his/her business on our website, but for every transaction completed, we charge a fee or commission. The formula for fees has not been worked out. Also, advertising of green products on the website would form most of the basis of the business income. Start-up capital is needed to set-up the website and to obtain secure software that would ensure transactions are protected. Despite our school's office of energy and sustainability agreeing to provide a portion of the initial cost, start-up capital still remains a big challenge.

This led us to apply for a fifty thousand dollar (\$50,000) grant from the National Collegiate Investors and Innovators Alliance (NIICA), a body which supports invention, innovation, and entrepreneurship in higher education. We believe that the approval of our grant proposal would enable us to make the web site functional, and through the completion of this project, the following objectives are expected to be achieved:

- Creation of a viable urban wood industry that would generate demand for urban wood.
- Creation of job opportunities in underserved communities.
- Promotion of an innovative environmentally sustainable business.

As of the time of writing, our grant proposal has passed through the preliminary stage, and is through to the final decision stage.

Other findings by the group during the brainstorming sessions throughout the course of the semester are:

- Consumers do not have an incentive to use urban wood
- People generally believe the wood should be cheaper, since its gotten for free
- Changing the “no value” perception of the public

Part of our conclusion is that, in order to overcome these challenges, would require the involvement of government agencies such as the Forest Stewardship Council (FSC), to certify urban wood so as to ensure that those using the wood gets some points that would translate to dollar savings, such as real estate or property tax credits or exemptions. Also, awareness and education could be created by organizing competition among woodworkers and furniture makers to come up with creative products using urban wood, and these products could be displayed on storefronts and various urban wood exhibitions in the city. As such the benefits associated with the use of urban wood would be highlighted. Our initial marketing campaign would be directed toward people who want to share some personal connection with their home interior, furniture or art work. This are people who are willing to pay premium price for custom made products( like urban wood products) because they are less sensitive to price, and more sensitive to quality and nature.

A great milestone achieved this semester, included the use of ash trees cut down at 29<sup>th</sup> Street and State Street on June 19, 2008, when the Emerald Ash Borer (EAB) was first discovered in the city of Chicago. They were used to make products that will be on display at IPRO day (December 5, 2008) and eventually will be given to various prominent personalities within the school such as IIT’s President, John L. Anderson, IPRO Director, Thomas M. Jacobius, and Director of Campus Energy and Sustainability, Joseph Clair, just to name a few.

Since urban wood is seen as a liability to society because when trees within residential/business areas (urban forest) coming down due to any of the following storm damage, old age, accident damage, and various insect infestation, society suffers a double loss: First, is the loss of a carbon dioxide consuming, shade producing and habitat providing plant; and second, these fallen trees are often subsequently burned, thus introducing additional carbon dioxide into the environment. So what we are trying to do is take what is originally seen as a liability to society and turn it into an opportunity that will benefit society in general, by producing goods accepted by the market place; and thus, providing an environmentally sustainable business opportunity, that would create environmental benefits (such as carbon offsetting and sequestration) out of what could be seen as a societal problem. And that is the challenge we face in this IPRO, turning something that is viewed as "no value" to something that has value in the eyes of the public. In overcoming this challenge, we would be working in collaboration with: the Illinois Wood Utilization Team; City of Chicago Departments of

Forestry; City of Chicago Streets and Sanitation; Office of Chicago's 3<sup>rd</sup> Ward Alderman, Pat Dowell; Office of Illinois U.S. Senator Dick Durbin; Morton Arboretum; and USDA Forest Service, all of which has shown support for our initiative.