

## Mini Case

### PROMPT:

Berkshire Hathaway is an American multinational conglomerate that has investments in many sectors. They have engaged SBC to help them diversify their impact investing portfolio. The three sectors they are considering are *1. Renewable Energy 2. Financial Literacy 3. Housing Equity*. Which sector should they choose? What factors should they consider before choosing a segment?

### Follow Up Questions:

1. Once choosing a segment for market entry, what are the next steps they should take?
  2. How would you measure the success of the strategy over X years? KPIs?
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## ANSWER KEY

(1) What factors should the company consider before choosing a sector? Possible ideas, split by social impact vs. business focus, include:

- **Social impact-focused:**
  - *Societal Impact and Alignment with Values:* Choose the sector that aligns best with Berkshire Hathaway's mission and values, ensuring their investments positively impact society.
  - *Accessibility and Inclusivity:* Assess how each sector addresses accessibility and inclusivity concerns, ensuring that the investments benefit a wide range of communities and demographics.
  - *Environmental Sustainability:* Consider the environmental sustainability impact of investments within each sector, ensuring that the chosen sector aligns with sustainable practices and contributes positively to environmental conservation.
  - *Social Equity and Justice:* Analyze how each sector promotes social equity and justice, ensuring that investments work towards reducing inequalities and enhancing fairness in society.
- **Business-focused:**
  - *Market Demand and Growth Potential:* Evaluate the sector with the highest market demand and growth potential to maximize impact and financial returns.
  - *Financial Returns and Long-Term Viability:* Opt for the sector offering strong financial returns and long-term viability to secure sustainable impact and profitability.

- *Expertise and Competitive Advantage:* Invest in the sector where Berkshire Hathaway possesses expertise and a competitive edge, ensuring successful and impactful ventures.
- *Risk Assessment and Tolerance:* Consider the sector with manageable risks and aligns with Berkshire Hathaway's risk tolerance, ensuring a balanced approach to impact investing.

**(2) Once choosing a segment, what next steps should they take?**

- Who are the key stakeholders in this problem?
  - BH management team
  - BH investors/shareholders
  - External customers
  - Members of communities near prospective investments
- What are the interests of Berkshire Hathaway in this situation?
  - To protect their reputation as a global brand
  - To deliver strong returns to their shareholders
  - To provide high quality goods and services to their customers
  - To improve the communities they work in and with