

A Work Project, presented as part of the requirements for the Award of a Masters Degree in  
Management from the Faculdade de Economia da Universidade Nova de Lisboa.

CONSULTING TO SOCIAL ENTREPRENEURSHIP INITIATIVES – USING BUSINESS SKILLS TO  
HELP SOLVE SOCIAL PROBLEMS

## The RUG Initiative

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## Abstract

The Reutilization of Used Goods is a social entrepreneurship initiative of Carcavelos Parish Church Community Centre, which by introducing an innovative concept answers to social needs. This paper aims to empower the initiative, using business skills, in order to help it in the resolution of its main challenges and needs. Throughout an analysis it was possible to understand the initiative's main issues and make the necessary recommendations to address them. The approach aims to increase the initiative's efficiency enabling it to maintain the social output and increase its revenue.

KEY WORDS: social entrepreneurship, empowerment, reutilization, used goods.

## Purpose of the Work Project

In June 29th, 2009, the Social Entrepreneurship Institute (IES) distinguished the Reutilization of Used Goods (RUG) initiative from Carcavelos Parish Church Community Centre (CCPC) as a social entrepreneurship initiative. IES is a non-profit association operating in Portugal. IES acts in the citizen sector identifying social entrepreneurship initiatives with innovative solutions and empowers them to generate good practices. Additionally, it exchanges these practices into knowledge to be shown and shared in its future Business School for the social sector. The RUG initiative was selected as a social entrepreneurship initiative since it presents an innovative approach, by creating a new concept of consumption and lowers environmental impact by reusing all kind of goods to benefit the community of Carcavelos and also the surrounding areas. IES wants to empower the initiative by providing it with business and entrepreneurial approaches to help in the resolution of its problems and needs. In order to achieve this objective it is necessary to pass through a number of procedures including the consulting labs that involve the participation of university students. In this way, the goal for this Work Project consists in presenting recommendations to the organization to improve and solve the initiative's major challenges.

## The Citizen Sector

Social entrepreneurship is inserted in a sector that is growing in scale, the citizen sector<sup>1</sup>, but it is not the only player where the social values are the major concern. In order to understand social entrepreneurship as a tool to solve social problems it is necessary to analyze the other players in the citizen sector.

### Government

According to *Infopédia* definition, the duty of the government is to ‘materialize and accomplish public interests of the community by implementing the decisions and deliberations in various fields such as economy, public works, health and education system, etc.’<sup>2</sup> Therefore, it is expected from the government to answer social needs and problems. However, what is observed is that government itself cannot solve all social needs. Despite establishing rules and regulations, there are many issues in the society remaining unsolved such as weak education and health system, child labor, environmental disrespect, unequal income distribution, etc. The government may have good intentions, however there are weaknesses preventing it to be a successful and solely actor in solving social problems. It can be slow to move, full of bureaucracy, exercise favoritisms either for politics interests or lobbies, corrupt and inefficient<sup>3</sup>.

### Business Sector and Corporate Social Responsibility

Nowadays, the business sector is defined by the free market economy enabling increased innovation and a rate of growth of the living standards never seen before.<sup>4</sup> What free market does better is to force the companies to be innovative because it is the only way to survive. Unfortunately, not everyone benefits from the free market economies, the book *Creating a World Without Poverty* of Muhammad

<sup>1</sup> Bornstein, David. 2007. “The Emergence of the Citizen Sector”. In *How to Change the World: Social Entrepreneurs and the Power of New Ideas*, ed., 271-277. New York: Oxford University Press, Inc.

<sup>2</sup> www.infopedia.pt

<sup>3</sup> Yunus, Muhammad. 2007. “A New Kind of Business.” In *Creating a World Without Poverty: Social Business and the Future of Capitalism*, ed., 6-9. United States of America: PublicAffairs™.

<sup>4</sup> Baumol, William J. 2002. *The Free-Market Innovation Machine: Analyzing the Growth Miracle of Capitalism*. United States of America: Princeton University Press.

Yunus, Nobel Peace Prize and founder of the Grameen Bank, reminds that poverty continues. Half of the world population survives with two dollars a day or less and around a billion with less than one dollar a day.

The companies have started to be aware of the consequences of their activities and have incorporated in their businesses some social concerns. Hence, a new concept emerged called Corporate Social Responsibility (CSR). According to the European Commission, CSR “are companies acting voluntarily and beyond the law to achieve social and environmental objectives during the course of their daily business activities”.<sup>5</sup> Nevertheless, their efforts are not as productive and operational as they should and could be. In the CSR reports, the activities engaged to social sensitivity lack planning and method (Porter and Kramer, 2006).

### Civil Society Organizations

Due to the insufficient response from other actors, organizations and people with the objective to help the society appeared providing new opportunities for the citizen sector. They differ from the business organizations because they are non-profit ones and their mission is social, as the Civil Society Organizations (CSOs) including for example Institutions, Associations, Foundations and Non-Governmental Organizations (NGOs).

Looking at the specific case of NGO's, they play a significant role in the citizen sector as they provide activities that the governmental agencies can't answer, such as promoting human rights and social justice, protesting against environmental degradation, implementing grass-roots development, etc. (Fisher, 1997). In 2001 there were almost 40,000 internationally operating NGO's.<sup>6</sup> IES is part of these organizations with the purpose to create a better world identifying and empowering social entrepreneurship initiatives.

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<sup>5</sup> <http://ec.europa.eu/social/main.jsp?catId=331&langId=en>

<sup>6</sup> Anheier, H., Glasius, M., Kaldor, M. 2001. *Global Civil Society*. Oxford: Oxford University Press

The Civil Society Organizations unify efforts to create social welfare, however, in order to achieve this goal many rely on charity. Some depend on government, foundation grants and donations to raise money, preventing them to spend time and efforts only on the strengths, goals and needs of their organizations.<sup>7</sup>

### Social Business

An alternative to charity is for organizations to generate their own revenues. This is social business and the objective is to promote social benefits, but its sustainability cannot depend on charity and must recover its full costs on its own. How? Charging a price or a fee for the products and services it produces.<sup>8</sup> Social business uses the same principles of management but with a social-benefit principle guaranteeing growth and expansion. One example is the so famous Grameen Bank, created by Muhammad Yunus, which consists in offering small loans for self-employment to the poor.<sup>9</sup>

### Commercial and Social Entrepreneurship

Several actors within the economy field care and help to solve social problems although some contribute in more effective ways than others. Considering the role of entrepreneurship in the society, namely commercial and social entrepreneurship, in the 19<sup>th</sup> and 20<sup>th</sup> century, Jean Baptiste Say and Joseph Schumpeter defined entrepreneurship as profit-seeking business ventures, however as Gregory Dees (2001) said starting a business 'is not the essence of the entrepreneurship'. Dees mentioned two definitions from Peter Ducker and Howard Stevenson. Peter Ducker adds that entrepreneurship is also exploiting opportunities that changes produce and Howard Stevenson added 'the pursuit of opportunity without regard to resources currently controlled'. At this point both definitions serve to commercial and social entrepreneurship. So, what is the difference? Despite both sectors add 'value' for society, commercial entrepreneurship is profit driven whether social is social driven. Clearly, their motivations

<sup>7</sup> Sahlman, W.A., Stevenson, H.H., Roberts, M.J., Bhidé, A. 1999. "Entrepreneurship in the Non-Profit Sector." In *The Entrepreneurial Venture*, ed., 555-565. United States of America

<sup>8</sup> Yunus, Muhammad. 2007. "Social Business: What It Is and What It Is Not." In *Creating a World Without Poverty: Social Business and the Future of Capitalism*, ed., 6-9. United States of America: PublicAffairs™.

<sup>9</sup> [www.grameen-info.org](http://www.grameen-info.org)

don't meet as well as their goals. Despite commercial entrepreneurship considers social factors (eg: CSR) it doesn't solve social problems, because combining profit and social values (called *hybrid* form (Davis, 1997)) is hard to achieve. Moreover, there is no worldwide common mechanism to measure social impact contrasting with profit (revenue minus expenses equal profit), favoring the profit side (Neck, Brush and Allen, 2009).

## Social Entrepreneurship

The definition of social entrepreneurship of IES describes it as an 'innovative approach with the objective to solve social problems, with a clear social and sustainable mission that can be replicated in other contexts and with capacity to reproduce social impact on a big scale'.<sup>10</sup> This matter is being explored by hundreds of universities, academic books and articles. Furthermore, many organizations emerged with the objective to support and finance social entrepreneurs. For example, ASHOKA founded by Bill Drayton in 1980, nominated over 2,000 leading social entrepreneurs, named Ashoka Fellows, which work in more than 60 countries where they are needed.<sup>11</sup> Most of these organizations, including IES, emphasize the role of innovation in social entrepreneurship. Innovation involves applying a new technology or approach in order to create social value (Certo and Miller, 2008). The framework built on social entrepreneurship concept enables people to cope with social problems with new mechanisms.

## Social Entrepreneurship Institute (IES)

IES is a non-profit association founded in December 2008. IES distinguishes initiatives with an innovative solution for the society (awareness phase), helps them overcome their challenges (empowerment phase) and learn with them (knowledge phase). In the empowerment phase, before the consulting labs, each initiative is consulted by a mentor, an INSEAD MBA ex-student, to give his vision of the initiative. In the RUG initiative, the mentor consultant is Nuno Luís.

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<sup>10</sup> [www.ies.org.pt/index.html](http://www.ies.org.pt/index.html)

<sup>11</sup> [www.ashoka.org](http://www.ashoka.org)



## Carcavelos Parish Church Community Centre (CCPC)

Carcavelos Parish Church Community Centre, founded in 1981 by the Carcavelos Parish Church, is a Private Institution of Social Solidarity (IPSS). The Centre's mission is to provide the community with "sustainable development and practice of citizenship, respect for human dignity, promote the improvement of living conditions of the most disadvantaged, social equilibrium and welfare".<sup>12</sup> Throughout the years until today, the Centre has grown and so has the response to the community needs. The activities and services developed by the Centre play a major role in providing to individuals and families a better quality of life. The Centre has projects for children, youth and seniors, providing support in many areas, such as social exclusion, unemployment, drug addicts, food, clothes and furniture distribution, day care centre and projects for all the community (workshops with various subjects, cultural activities, etc.).

## The RUG Initiative

Within the Centre's projects IES distinguished one due to its high potential as a social entrepreneurship initiative, the RUG. The initiative consists in distributing second hand goods to people in need, such as clothes, toys, books, antiques, baby articles, furniture, etc. The goods are donated by the community, organizations and distribution companies and then have the following destinations in order of priority. Firstly, the goods are used by the Centre's projects according to their needs. Afterwards the goods are separated in two different distribution channels to fulfill the Clothes and Furniture Bank orders. The remaining goods are selected to be sold in two markets, both held once per month, which are Centre's Flea Market, inside the Centre's facilities in the first Wednesday of the month, and City Flea Market, a market organized by the Carcavelos Parish Council in the last Sunday of the month. Finally, the goods that do not go to any of these channels are given to Humana Association, which donates them to Africa.

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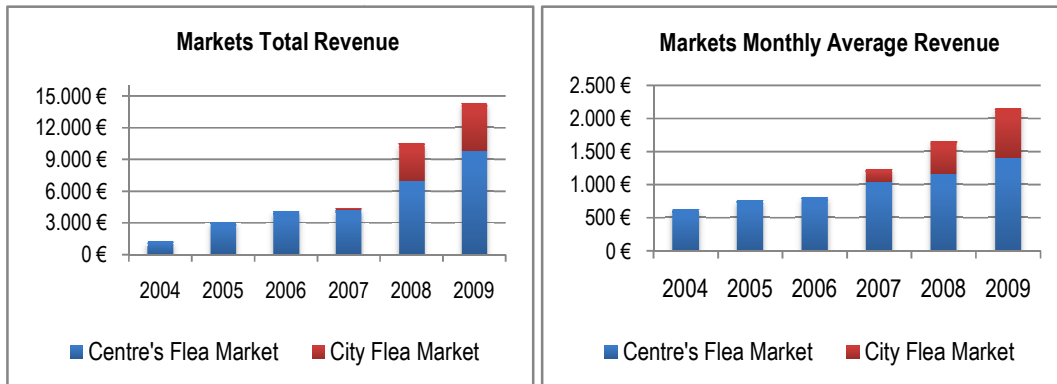
<sup>12</sup> [www.centrocomunitario.net](http://www.centrocomunitario.net)

The goods are usually delivered by the donors in the Centre but when they have a high volume, such as furniture and some electrical appliances, the Centre or the volunteers pick them up at the donors' house. The volunteers also receive goods from their networking within the community. The selection of goods and their transportation to the various destinations is done by the Centre's employees and volunteers. The inventory that waits to go to the distribution channels is stored in four warehouses located in the Centre's loft, a garage in Carcavelos, the Clothes Bank warehouse and the fire department warehouse. The initiative doesn't have a team defined and varies according to the availability of some employees, still it has a coordinator, Natércia Martins. Additionally, some of the initiative areas only happen due to a couple of volunteers.

### **Importance of the Initiative**

The RUG initiative plays a crucial role in the Centre because the donation of goods, through the Clothes and Furniture Bank, is a way for the community to come to the Centre and most importantly, according to the Centre's director Conceição Fernando, it is a way to have access to users in need in order to guide and help them to overcome their problems and integrate them back in the society. The markets are an alternative for individuals and families to buy goods for very low prices. The revenue yielded by the markets is used to gather money for the construction of a new building for the Centre, being the only source of revenue generated by the Centre for this project. The new facilities will have a multi-use hall, a cafeteria, offices, warehouses, space for activities for the community, a canteen for homeless drug addicts, a laundry, rooms to work with drug addicts and families, and a kindergarten for 60 children. The initiative is a source of income and enables the Centre to reduce its degree of financial dependence from donations and government subsidies, contributing to reach the Centre's self sustainability and approaching the social business definition. The revenue generated by both markets has been increasing from year to year showing a positive trend. From 2008 to 2009 the rate of growth was approximately 30%.

In 2009, the total revenue was approximately €14.300 and considering only the months in which the markets were held the average per month was about €2.150 (Graph 1 and 2).



**Graph 1** Markets Total Revenue from 2004 to 2009

**Graph 2** Markets Monthly Average Revenue from 2004 to 2009

In 2009, the Centre's annual budget was €1.022.445 (Exhibit 1) and to give a better perspective of the importance of the markets financial output, the operating profit was €14.129,51.

Finally, looking from an environmental perspective, the initiative reutilizes second hand goods that otherwise would be wasted. In this way, the initiative not only contributes to a social problem but also to an environmental one.

## Methodology of Analysis

The purpose of this Work Project was to use business skills to solve the issues of the RUG initiative. However, to help this potential social entrepreneurship initiative the first step to take was to know it. The first phase was to meet the initiative in the field and also the consulting mentor who shared the major conclusions and needs he observed. Afterwards, in order to make an efficient advisory work, the first decision was to stay in the Centre in a daily basis to gather as much information as possible and be present in all steps that make this initiative possible. Moreover, it would be easier to have contact with the employees and volunteers by being always present.

The analysis was divided in two parts, internal and external. In the former the goal was to gather information inside the Centre, and the later to study external perspectives (Exhibit 2).

### Internal Analysis

Interview all the employees, including the initiative’s coordinator as well as the Centre’s Director, volunteers and customers, directly or indirectly involved with the initiative (Exhibit 3); Visit distribution channels and warehouses; Observe and understand the markets; Assist social area office hours; Analyze the initiative logistics process; Design current process mapping; Analyze Centre’s organizational structure; Analyze Centre’s organigram, annual report and budget.

### External Analysis

Analyze benchmarking best practices; Analyze the consulting mentor Reutilization initiative analysis report and study his suggestions; Analyze the possibility to acquire a van; Contact potential suppliers and stakeholders including auctioneers, antiquarian and copy shops, and car stands.

## Main Conclusions

The analysis led to the recognition of the initiative’s strengths, weaknesses, opportunities and threats that will be considered throughout the study (Figure 1).

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>- Centre’s high reputation in the community;</li> <li>- Volunteers great availability and interest;</li> <li>- Centre’s will to carry on with the initiative.</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>- Undefined organizational structure;</li> <li>- Processes constraints;</li> <li>- Markets wasted revenue potential;</li> <li>- Limited assets;</li> <li>- Volunteers dependency;</li> <li>- Inventory absence;</li> <li>- Government dependency;</li> <li>- Weak markets marketing communications;</li> <li>- Low awareness of initiative potential growth.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>- Global Economic Crisis increase need for inexpensive goods;</li> <li>- Fiscal benefits for companies and individuals that make donations to the Centre;</li> <li>- Population high consumerism, especially clothes;</li> <li>- Recycle viewed as trendy (“green image”).</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>- Other second hand markets;</li> <li>- Stores with inexpensive prices;</li> <li>- Global Economic Crisis.</li> </ul>

Figure 1 SWOT

Within the weaknesses there were identified five more urgent to solve, as follows.

### 1. Undefined Organizational Structure

The initiative grew according to the Centre user's needs and also through ideas that came up without an organized structure, as the mentor already had mentioned in his report. The decisions are not carefully thought, so the system is in constant change to see what works best. RUG depends on people's availability at the moment they are needed because there isn't a team on a full time basis. Indeed, most surveys with the employees and volunteers pointed out the lack of human resources. Adding to this, the processes and procedures are not clearly defined and mapped.

The initiative is not included in the Centre's organigram (Exhibit 4) neither in Centre's annual activities report. In the report, the employees and their tasks are not all mentioned and there isn't an analysis or conclusion about it. The only analysis is for the Clothes Bank since it is from the social area responsibility, but the Furniture Bank doesn't have any analysis at all.

Although the initiative has a coordinator, without an organizational structure there are no clear reporting lines and the coordinator doesn't have the capacity to allocate resources. Thus there isn't a clear leadership or a clear definition of the initiative's objectives, which prevents members to work the most efficient and effectively as possible. Besides, without any analysis, it will not be possible to make improvements or at least it will be difficult to do so.

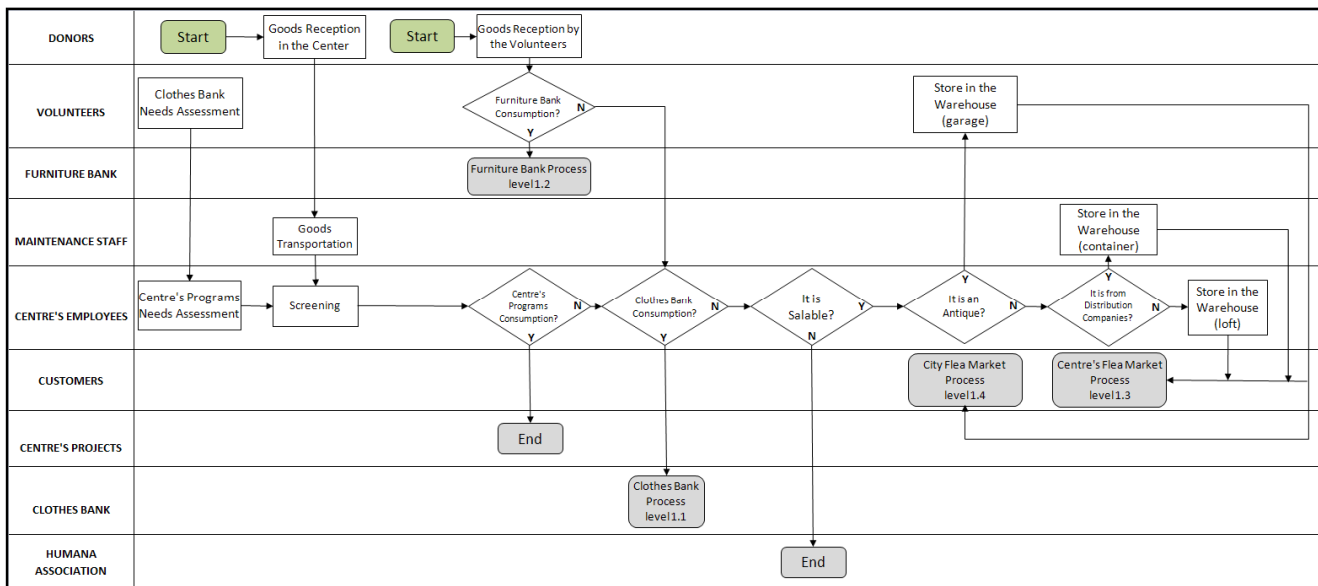
Finally, there are no job performance goals and the performance appraisal cannot be conducted. This forbids the members to know if they are going in the right direction and to make improvements in the future. There is no differentiation of the good performers among the bad ones, creating no incentive for good performers and jeopardizing their work.

## 2. Processes Constraints

In order to better understand all the processes within the initiative, they were mapped and some constraints were found. The constraints limit the performance and restrict the output.<sup>13</sup>

The book of the authors Heizer, Jay and Render, Barry, 2007, *Operations Management* says that process is a 'group of tasks interconnected by flows of information and products, which transform inputs in outputs with greater value'. The objective is 'to find a way to produce goods and services that meet customer requirements and product specifications within cost and other managerial constraints' with 'long-term effect on efficiency and flexibility of production, cost and quality of goods produced'.

To map the processes it was used the Process Flow Diagram. There are five diagrams, one for the initiative itself, level 1 (Figure 2), and the others for each area within it (Exhibit 5). Subsequently, there will be made a brief description of the processes and then the constraints found will be mentioned.



Images definitions:

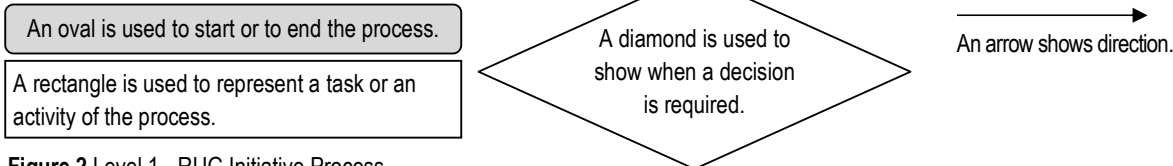


Figure 2 Level 1 - RUG Initiative Process

<sup>13</sup> Heizer, J., Render, B. 2007. "Process Strategy" In *Operations Management, Flexible Version*, ed. 202-216. New Jersey: Pearson Education, Inc.

## **Level 1 - RUG Initiative Process**

The first level represents the overall initiative. The process begins at the reception of goods given by donors and received by either the employees or the volunteers. After making a selection of the goods they have four destinations. Firstly they are donated to the Centre's projects (such as Jubileu House), then to the Clothes and Furniture Bank, and finally sold in the markets.

Constraints: In the process mapping of the first level it's identified that the goods received by volunteers don't pass through the same criteria as the goods received in the Centre. In the screening of the goods received by the volunteers, the Centre projects are not contemplated. In this way, the needs of the Centre's projects are not being fulfilled.

### **Level 1.1 - Clothes Bank Process**

In the Clothes Bank process the volunteers receive the goods from various donors and after the screening they are stored and organized in the Clothes Bank. To have access to the Clothes Bank the users must go to the social area office hours demonstrating the need for clothing. Users receive a card, valid for only six months, that identifies them and the household. The users can access the Clothes Bank only once per month. Only the Cascais Council community can have access to the Banks. The Bank also has baby articles but to receive them the users must have, besides the card, an authorization from the social area referring what are the articles they need since these articles must be delivered after one year.

Constraints: There are goods in the warehouse (garage) that go to the Clothes Bank. However, if the screening was precise this wouldn't occur. The goods stored in warehouse (garage) were already selected to go to other channels.

### **Level 1.2 - Furniture Bank Process**

The Centre receives furniture and electrical appliances and donates it according to the users' needs. The needs are identified and recorded in the social area office hours. The social area is also responsible for

recording the donated furniture. The maintenance staff makes a first visit to verify whether the goods are in conditions to donate and if the answer is positive, the goods are transported from the donors to the fire department warehouse and later donated. The goods that do not serve the users' needs are sold. Some of the furniture is restored by the Jubileu House users and sold.

Constraints: The goods that are in bad conditions are not accepted and it is suggested to donors to contact other institutions or the council to deliver them. In this way, a trip is wasted involving transportation costs and also time.

### **Level 1.3 – Centre's Flea Market Process**

The day before the Centre's Flea Market, the goods are placed from the warehouses to the Centre's 1<sup>st</sup> floor to make easier the logistics for the next day. The goods are sold by the the Centre's employees and volunteers. At the end of the market, the goods are placed again in the respective warehouses. However, the clothing not sold is sent to the Clothes Bank to be donated.

The constraints found in this process are contemplated in topic 3.1.

### **Level 1.4 – City Flea Market Market Process**

The City Flea Market takes place in the Carcavelos Parish Council Market and it is organized only by the volunteers. The goods sold in this market are stored in the warehouse (garage) and transported to the market in the morning.

As well as the previous process, the constraints found are contemplated in topic 3.1.

## **3. Markets Wasted Revenue Potential**

In the markets three major obstacles were observed that retain potential revenue, which are inefficient organization, wrong target and inappropriate calendar.

### **3.1. Inefficient Organization**

The issues stated below relate the lack of organization in the markets.



**Vendors** . During the markets the vendors are not properly identified. So, the customers waste time finding the vendors instead of wasting that same time buying more goods.

**Prices** . The majority of goods' prices are not defined and each employee or volunteer sets the price according to the item and the customer they are dealing with in the moment. Therefore there is always a chance for prices to decrease, even if the good worth more and although the prices are already very low.

**Accuracy and Thefts** . The prices are added up by the vendors without a calculator or any other help to ensure accuracy, leading to some mistakes and risking the potential revenue.

Moreover, thefts were observed during the vending process. A reality confirmed by the volunteers and Centre's employees. The thefts happen due to two reasons, first because there is no proof that the customer paid for the good he's carrying (many times it is the customer's word against the vendor) and second because there is few control over the goods.

In the specific case of City Flea Market, the situation is not better because there are only three vendors, who must inform and negotiate prices, and accept the payments leaving little space for control. Besides, the space the Centre occupies in the market is limited and the volunteers try to bring everything they can and that will fit. This implies selling the goods on the floor because it occupies less space than with the supporting tables. With the articles on the floor it is even harder to control them as they are out of sight.

### 3.2. Wrong Target

Among the goods the Centre receives, there are valuable articles, such as silver and bronze articles, a mink coat, antique stamps, etc. Those articles are sold in the markets for a different price according to the vendors' notion of the articles' value and the advice of an experienced in the markets field volunteers' friend. However, since the prices are above the possibilities of the usual costumers at the markets, the vendors usually decrease those prices. After all, the goods are intended to the community that seeks in the Centre an opportunity to buy articles at inexpensive prices. Hence, the problem is that the target for this kind of articles is not located in these markets.

### 3.3. Inappropriate Market's Calendar

The Centre's Flea Market doesn't take place in the months of January, July and August, which means a loss of at least €4.170, considering a revenue average of approximately €1.390 per market each month (Exhibit 6). This stop is due to the vacations period for the summer and for the New Year's period that causes a lack of human resources.

## 4. Limited Assets

### 4.1. Transportation

The initiative needs an appropriate vehicle to transport the goods. Even though the Centre has its own vehicles they are only for passengers not appropriate to transport goods.

To transport furniture it is necessary a vehicle with specific characteristics to accommodate heavy or large dimensions goods. At the moment, the Centre uses a vehicle borrowed from the Cascais Council two times per month. In the second Thursday of the month the maintenance staff picks up the furniture and stores it at the fire department warehouse and on the fourth Thursday of the month they deliver to the users, as described in the Furniture Bank process mapping (Exhibit 5, Figure 6). By being dependent on the Council van, the Centre has to guarantee that on that specific day of the month the donor is available to deliver his goods or the user to receive them. So, if the donor or the user is not available on that day they must wait one more month. Therefore, the Centre risks losing a good from a donor and fails or delays in delivering that good to a user in need. According to Centre's employees, a vehicle two times per month is not clearly sufficient for the donations volume and sometimes the Council cannot lend the van on the arranged day. Furthermore, there is no guarantee that the Council will provide the transportation every year. The deal is not certain and depends on the relationship between the Centre and the Council.

For the markets goods transportation, the transport currently being used belongs to the volunteers and the expenses are also supported by them (gas and car waste).

Summing up, the transportation depends mostly on the volunteers' vehicle and the van of the City Council.

## 5. Volunteers Dependency

The engine of the initiative is a couple of volunteers. They are involved in most of the initiative's areas and are always available to help and improve their work. For example, the City Flea Market was their idea and is solely managed by them. The Clothes Bank logistics, working as a store, with the clothes divided by age, gender and size, are due to their dedication and effort. As mentioned before, the goods' transportation is done with their vehicle. They also receive many of the goods for the Centre. These volunteers are present in all initiative's areas, being very independent and usually making decisions by themselves. Without them the initiative would lose some areas and influencing negatively the revenue. The volunteers' action surpasses the term definition itself because they support some of the initiative's costs. Moreover, it is not possible to evaluate their performance since they have taken the leadership during the initiative implementation.

## Business Challenge and Recommendations

After considering the major issues, the business challenge is to solve them in order to turn the initiative more efficient. A increase in the markets revenue is also expected, by maintaining at the same time the social welfare that the initiative already promotes. The necessary steps to achieve this objective will be presented.

### 1. Organizational Design

Suggestion: Build an organizational structure for the RUG initiative. In order to do so, it is necessary to have the team and their respective tasks defined (Exhibit 7), the procedures mapped (Exhibit 5) and the initiative included in the Centre's organigram (Exhibit 8).

Benefits: A structure will characterize precisely both the team and all the procedures involved. By clearly defining the existing procedures it is possible not only to know them better but also to have a greater understanding to improve them. By establishing the team structure we also are defining their hierarchy and expertise in the procedures. The structure will also ensure initiative's continuity and growth.

Through a structure, the initiative may be considered as an integrant part of the Community Centre, appearing in the organigram and annual activity report, thus subject to review and discussion by the latter. This analysis can only be done under the supervision of a coordinator, who reports the occurred activities to the Centre. Based on the entire initiative structure the coordinator can manage activities and team, always clarifying the objectives to be achieved. The coordinator should also encourage the team in carrying out their tasks and the share of information among all.

Summing up, the structure allows to understand how many and who are the team members, the activities they are involved and their availability for each activity, thus allowing the coordinator to be able to make decisions according to that information by managing the initiative in a more efficient way. Nowadays the initiative depends on the availability of volunteers and Centre's employees (that act somehow as volunteers) and a definition of tasks clarifies their work allowing somebody else to carry them out.

## 2. Improve Processes Efficiency

In order to improve the processes' efficiency it is necessary to end with the constraints in each of the processes.

### Level 1 - RUG Initiative Process

Suggestion: The criteria used in the screening of the goods should be the same for the Centre's employees as for the volunteers. Therefore, all the goods received should pass in the Centre, namely the goods received by the volunteers.

Benefits: In this way, all the needs are fulfilled especially the ones with first priority.

### Level 1.1 - Clothes Bank Process

Suggestion: The goods' screening must be more rigorous in order to avoid unnecessary movement of goods.

Benefits: Savings in transportation costs and members' time that could be used in other tasks.

### Level 1.2 - Furniture Bank Process

Suggestion: The goods' assessment by the maintenance staff should be replaced by a phone call to understand if the good is in good conditions to be donated. The questions could be the following: How old is it? What are the dimensions? What are the defects and the damage extend? Can it be restored? Another possibility is to ask for a photo of the good to be sent by email or MMS.

Benefits: A preliminary assessment of the goods through a phone call will enable savings in time and transportation costs.

## 3. Increase Markets Revenue

### 3.1. Improve Markets Efficiency

**Vendors** . Suggestion: The vendors should use a t-shirt with the Centre's logo in order to be easily identified by the customers.

The t-shirts must have the Centre's logo stamped. For financing the t-shirts project a research was made for copy shops in Cascais area. The deal proposed to these shops was in exchange of the t-shirts the Centre would advertise the shop in the t-shirt and in the Centre's website. Since the shop would be in the same geographical area it would be good marketing choice for the copy shop. Furthermore, they would have financial benefits by donating to a social institution. Due to the global economic crisis most of these stores were closing down or didn't have financial conditions to make donations. However, a copy shop, Copimática, agreed to give 50% discount for the t-shirts as a CSR initiative (Exhibit 9). The proposal of the t-shirts was immediately approved by the Centre and the negotiations carried on.

Benefits: With the previous suggestion the customers will spend less time finding out who the vendors are and spending more time buying. This will also provide a better organization in the markets, thus improving the image of the markets and increasing the customers' willingness to buy and increasing staff's satisfaction and pride.

Moreover, all the staff involved if clearly identified commands more respect and authority intimidating the ones who want to steal.

The estimated increase in the markets revenue will be from 0,5 to 1% per month.

**Prices . Suggestion:** The goods should be grouped according to their prices and tagged. These prices must be set previously and not modified by the vendors during the markets, since the prices are already very low. The tags can be laminated to be reused. The lamination of the papers can be done in the Centre since it already has a machine to do so. The goods that have specific prices have to be individually labeled, although the more efficient way would be to group all items in specific group prices.

Benefits: This will reduce changes of prices according to the vendor and during the payment's time. The waste of potential revenue is avoided. In addition, since the values are so low it is a way to call potential customers that pass through the Centre and see the prices.

Some staff claims that by establishing prices they cannot negotiate them with customers. However they must follow some criteria in order to guarantee not only the maximum revenues but to allow the administration to have some control over the sales. They can continue to sell goods at the end of the market cheaper in order to drain the goods left because as in regular shops and markets, a fixed initial price doesn't prevent promotion or sales to move stock.

The estimated increase in the markets revenue will be from 10 to 15% per month.

**Accuracy and Thefts . Suggestion:** To solve the accuracy problem during the sales process there should be a cash register. This cash register could be donated from one of the Centre's stakeholders or bought. The cash register price would be 169€ (Exhibit 10).

Benefits: A cash register is an important tool in every action that involves handling money. Not only it allows having a better control over the sales revenue, the amount of money inside the cashier has to match the registration, but also it permits the money to be stored in a unique and safe place. Moreover, it diminishes the human error in the calculations process.

Another benefit is that the cash register also prints a receipt, besides the one for internal control, of the goods bought creating proof of payment for the customers. This prevents in a larger scale the thefts reported. When the market takes place inside the Centre's facilities the cash register should be located preferentially near the entrance/exit door creating a barrier for non paid articles.

In the specific case of the City Flea Market.

1. Suggestion: The amount of goods brought to the market must fit in the supporting tables;
2. Suggestion: In order to increase the control in the market there should be another volunteer as it takes place in an open space difficult to control. Benefits: The estimated increase in the market revenue will be from 2 to 3% per month.

These changes will help to improve the initiative's organization and have a better control over the thefts, consequently increasing the revenue. Moreover, the donors donate the goods because they know they will help their community, if this doesn't happen they could stop delivering the goods to this initiative.

Assuming a conservative estimation, if in ten items two are not paid (stolen), this means a loss of 20% in revenues. So, the estimated increase in the markets revenue will be approximately from 10 to 15%.

### 3.2. Sell Antique Goos in Auctions

Suggestion: The best manner to sell the valuable articles is in specialized auctions with the right target.

An auctioneer was found in Odivelas, named the Opportunity Leilões. This company makes auctions regularly in their facilities and online. The auctioneer already had access to the Centre's more valuable articles and when they meet an auction theme the Centre will be contacted. The Centre will update the

auctioneer database whenever new articles are donated. However, more auctioneers should be searched.

Benefits: The auctions sell the articles at the maximum price possible because not only they receive a percentage of the revenue but also they gather the right target willing to buy for higher prices.

Considering that the valuable goods are sold by an average price of €5, in the auctions it is expected to be sold 5 to 10 times. The estimation considers one article sold per month in the auctions.

### 3.3. New Market's Calendar

Suggestion: In January, July and August the Centre's Flea Market should not stop. With a better holiday's management according to the calendar's market, it would be possible to accomplish the market, even if the team's initiative is not completed. In this case, it is very important to have the proposals mentioned above implemented in case of an employee missing. For example, with the team, tasks and processes defined, another employee or volunteer can be easily substituted.

Benefits: Considering the data from 2009, the estimated gains would be from around €4.170, €1.390 for each additional month. The increase in the total annual revenue would be approximately 43%.

## 4. Solve Limited Assets Problem

### 4.1. Acquire a Means of Transport

Suggestion: It is necessary to acquire a vehicle for transporting goods. The initiative's members think that the needs of the Centre will be better served with a commercial van or a pick-up truck, due to the volume of the goods to be transported. Both options must have more capacity than the transports currently used.

Benefits:

1. The waiting time for donors and users will be reduced and also the probability of losing donations and failing deliveries;



2. More donations mean more goods will be sold, increasing the revenues of high volume goods;
3. The number of trips for goods transportation (transport with more capacity) will decrease resulting in lower costs in gas and less endeavor of the initiative members.
4. Reduction in the dependency from the Cascais Council and volunteers transport;

The van will certainly facilitate the initiative logistics and thus provide a greater benefit to the community and also to the initiative's members. Moreover, in the long-term the costs will be reduced and the revenues will increase.

The vehicle should be in second hand and in good conditions with no more than 8 years. Within these parameters, the commercial van will cost between €5.000 to €12.000 or the pick-up truck between €9.500 and €13.250 (Exhibit 11). The cost considered will be €10.000. Besides the cost of acquiring the van, other costs must be considered. The annual costs were estimated with the help of a Centre's employee that manages the transportation in the Centre in €1.150 (Exhibit 12).

With the clear need of acquiring a vehicle, the first option considered was to ask for a sponsorship. In this way, it was considered the option to apply to the *Social Stock Exchange (BVS)*.<sup>14</sup> However, after contacting the *BVS* projects consultant, it was informed that the initiative does not meet their criteria to apply.

Other options must be considered. The Centre can negotiate the donation of a Council's vehicle or asks help in contacting other identities in its networking for possible donations. Another option could be paying the vehicle using the revenue earned in the markets. In less than one year the van would be paid, considering the total revenue earned with the markets of approximately €14.300, in 2009. In fact, the initiative pays the van by itself.

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<sup>14</sup> *BVS* recognizes Social Institutions, with relevant projects and proven results in the areas of Education and Entrepreneurship, and presents them to social investors that acquire social stocks in order for these projects to continue, grow or be implemented. [www.bvs.org.pt](http://www.bvs.org.pt).

The new transport is estimated to increase the high volume goods revenue per year by 2 to 3 times more than the current gain, considering the current annual gain in €500.

## 5. Decrease Volunteers Dependency

Suggestion: With the implementation of the points 1, 3.1 and 4 the total dependency of these volunteers will disappear.

Benefits: Regardless the contribution of these volunteers to be of great value to the initiative, if for some reason they cannot be present, new members can take over even for a short period of time.

## Conclusion

The recommendations presented with this Work Project will allow the Centre's reutilization initiative to be more efficient, better organized, providing a better service to the community, while being less dependent on volunteers and the City Council. At the same time, if the Centre invests approximately €11.368,50 to implement the mentioned suggestions, the estimated revenue gain will be from €10.813,60 to €14.543,40 in one year, which means an increase variation from 76 to 102% of the current revenues (Table 1).

**Table 1** Variation in Revenues with Suggestions Implemented

Suggestions	Investment (EUR)	Estimated Increase in Revenue Min-Max Per Month	Estimated Increase in Revenue Min Per Year(EUR)	Estimated Increase in Revenue Max Per Year (EUR)
Vendors	49,5	0,5-1%	0	258
Prices	-	10-15%	2580	3870
Accuracy and Thefts	169	10-15%	2580	3870
Another Volunteer in City Flea Market	-	2-3%	183,6	275,4
Sell Antique Goods in Auctions	-	5-10x	300	600
New Market's Calendar	-	+ 3 months *	4170	4170
Acquire a Means of Transport	11.150,00	2-3x *	1000	1500
<b>Total Variation in Revenues</b>	<b>11.368,50</b>		<b>10813,60</b>	<b>14543,40</b>

\*per year

The improvements will increase the initiative's efficiency as well as increase the revenue while maintaining or even increasing the social benefits.

It is planned to present to the Director and the initiative's coordinator in order for the modifications to be approved. The implementation will proceed right after the approval, although some are already being implemented as mentioned before.

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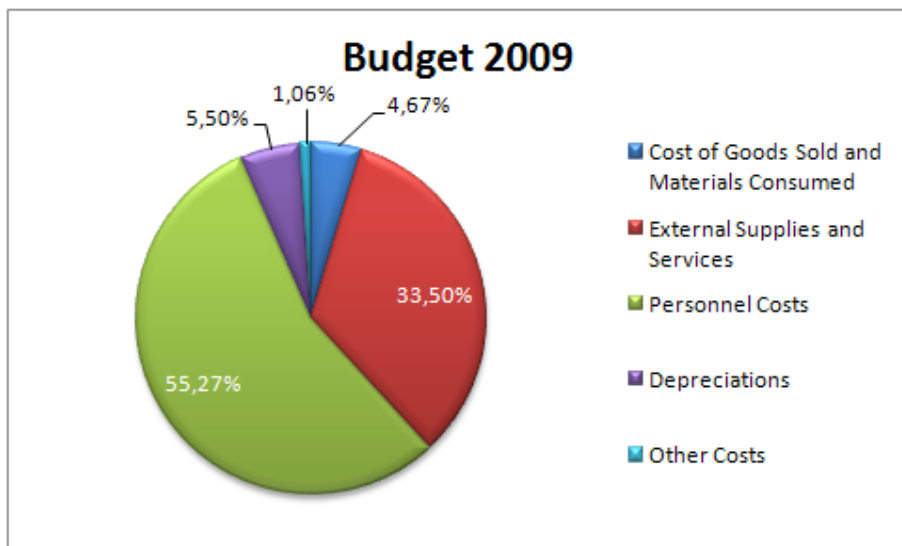
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## Appendices

### Exhibit 1



Graph 3 Total Annual Budget for 2010

Table 2 Costs for 2009

COSTS	EUR
Cost of Goods Sold and Materials Consumed	47.724,34
External Supplies and Services	342.557,53
Personnel Costs	565.070,76
Depreciations	56.271,80
Other Costs	10.820,57
<b>Total Annual Budget</b>	<b>1.022.445,00</b>

### Exhibit 2

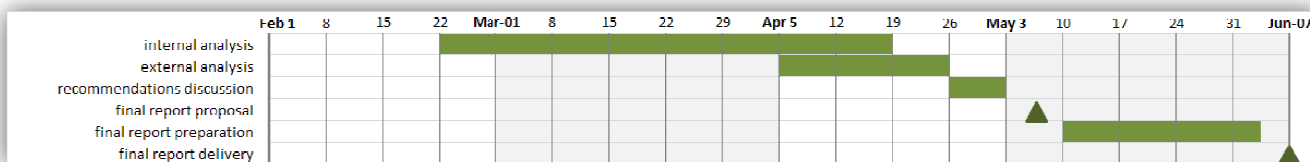


Figure 3 Project Plan

### Exhibit 3 Broad Interview Scheme for Volunteers and Employees

What are the tasks do you perform in the initiative?

How much time do you dedicate to the initiative?

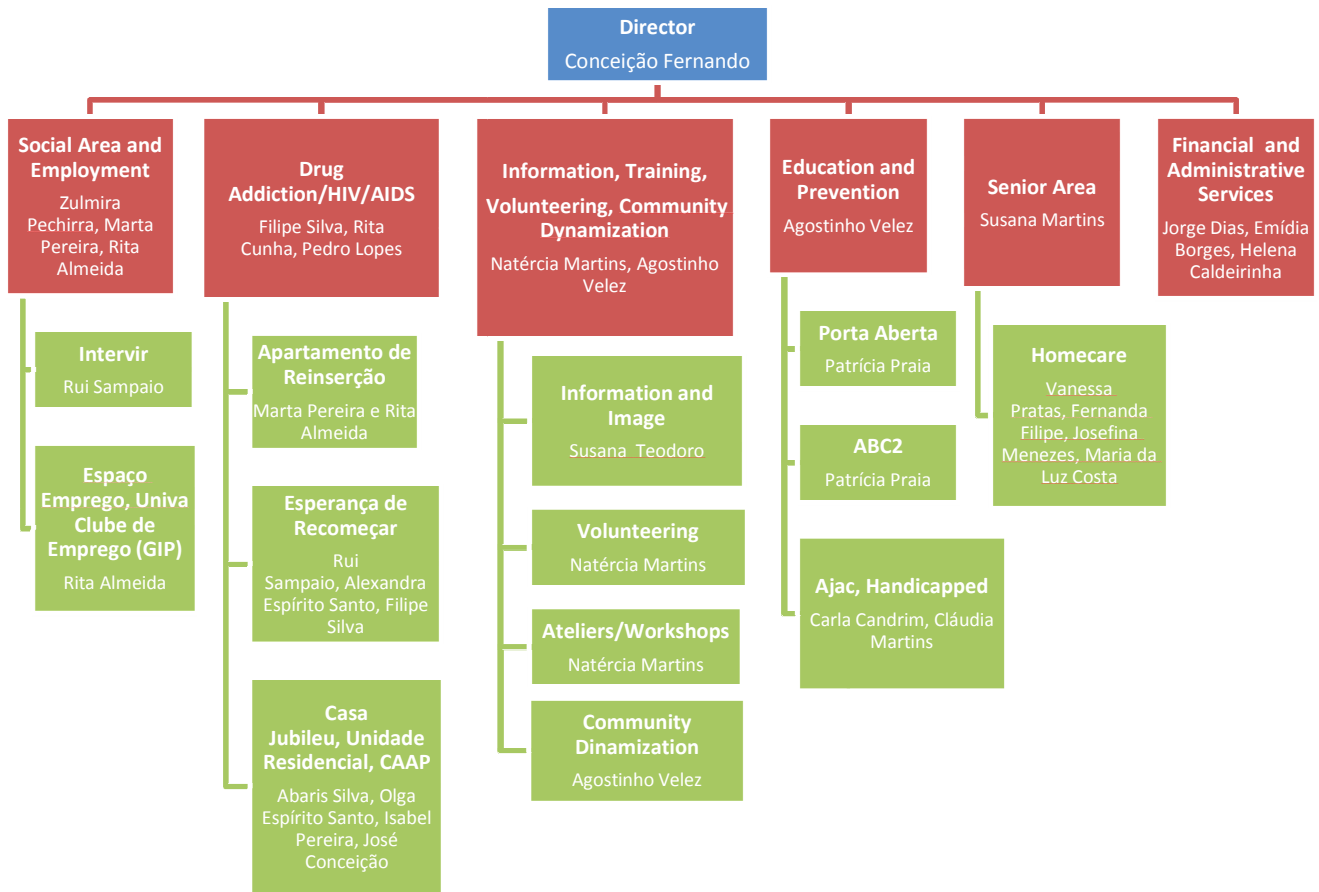
In your opinion what are the major challenges in the initiative?

Do you think the initiative needs more members?

What would you change in the initiative if you had more time and more resources?

What are your suggestions for the initiative's improvement?

Exhibit 4



Source: CCPC

Figure 4 Centre's Organigram

Exhibit 5

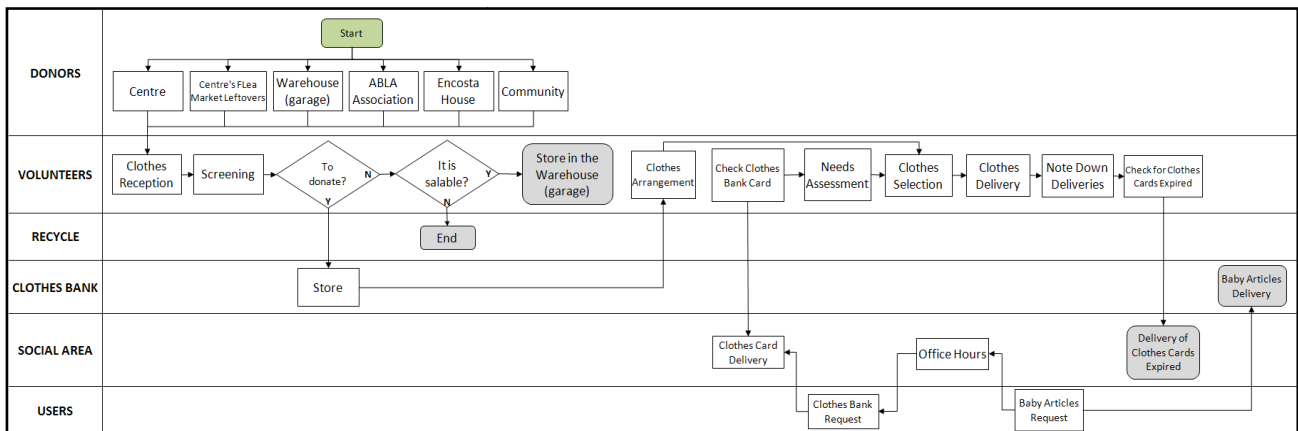


Figure 5 LEVEL 1.1 - Clothes Bank

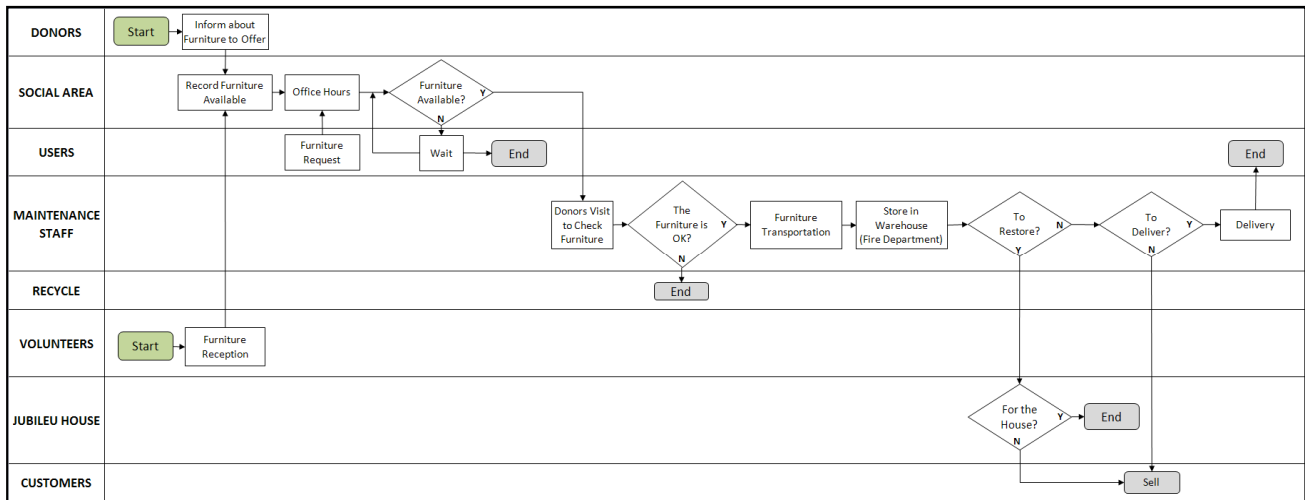


Figure 6 LEVEL 1.2 - Furniture Bank

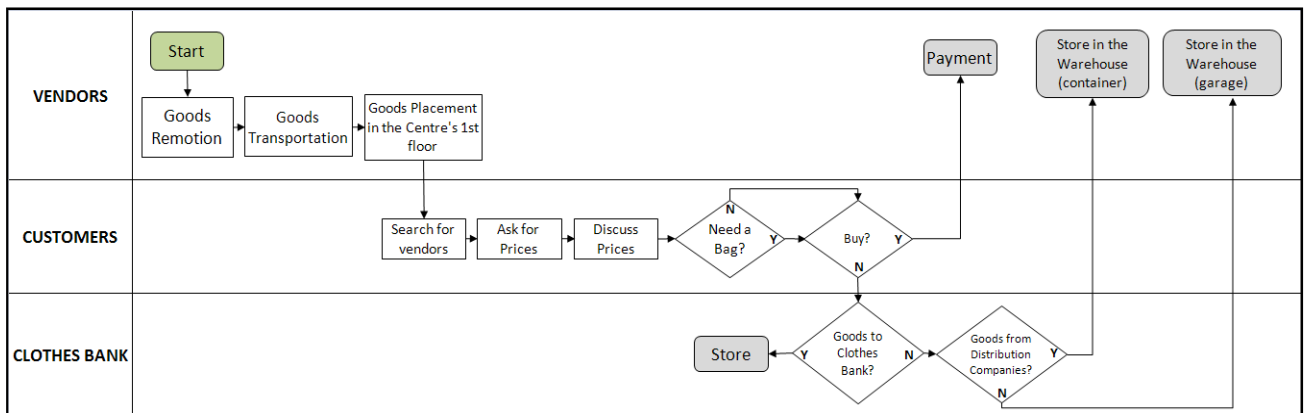


Figure 7 LEVEL 1.3 – Centre's Flea Market

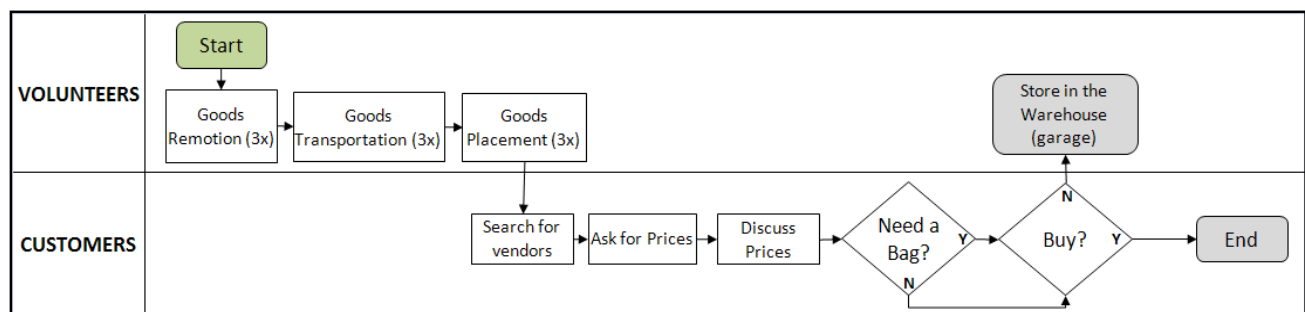
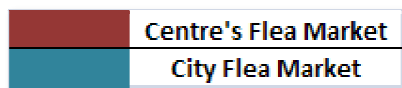


Figure 8 LEVEL 1.4 - City Flea Market

**Exhibit 6**

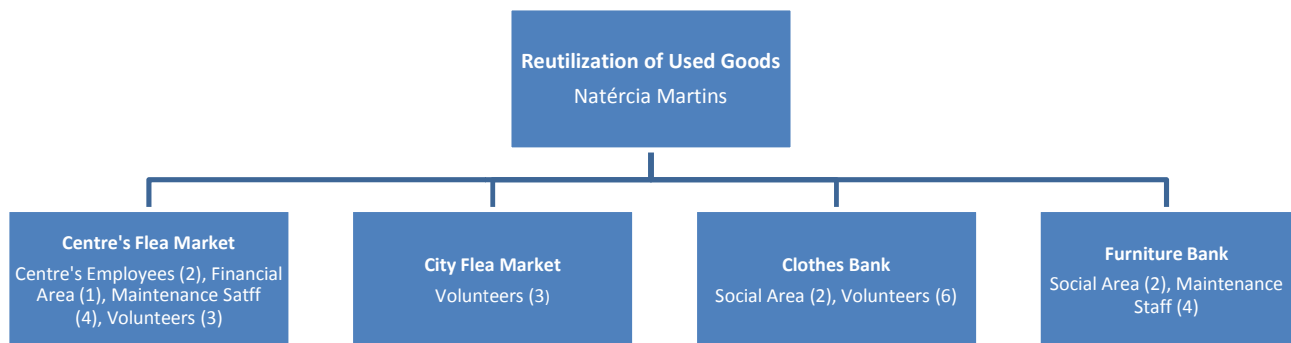
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Source: CCPC



**Figure 9** Markets' Calendar

**Exhibit 7** Initiative's Organigram and Team



**Figure 10** Initiative's Organigram



**Table 3** Project Coordinator Total Hours Worked Per Month

	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Natércia Martins	32	20,00%

**Table 4** Maintenance Staff Total Hours Worked Per Month

	Before Centre's Flea Market	Centre's Flea Market	Furniture Delivery	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Alberto Cordas	8	9	12	29	18,13%
Paulo Maia	8	9	12	29	18,13%
José Teixeira	8	9	12	29	18,13%
Amadeu	8	9	-	17	10,63%

**Table 5** Centre's Employees Total Hours Worked Per Month

	Before Centre's Flea Market	Centre's Flea Market	Screening	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Abaris Silva	2	8,5	16	26,5	16,56%
Emília Borges	2	8,5	16	26,5	16,56%

**Table 6** Financial Area Total Hours Worked Per Month

	Centre's Flea Market	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Jorge Dias	8	8	5,00%

**Table 7** Social Area Total Hours Worked Per Month

	Social Area	Volunteers Meeting	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Marta Pereira	10,40	-	10,40	6,50%
Zulmira Pechirra	10,40	1	11,40	7,12%

**Table 8** Volunteers Total Hours Worked Per Month

	Before Centre's Flea Market	Centre's Flea Market	Before City Flea Market	City Flea Market	Bank hours	Meeting	Other Tasks	TOTAL HOURS PER MONTH	% INITIATIVE ALLOCATED HOURS
Isabel Nicolau	8	10,5	6	13	31,5	1	128	198	112,50%
Alexandre Nicolau	8	10,5	6	13	31,5	1	128	198	112,50%
Pureza Rodeia	-	10,5	6	13	-	1	-	30,5	17,33%
Ana Nicolau	-	-	6	-	-	-	-	6	3,41%
Lucinda Enc.	-	-	-	-	16	1	-	17	9,66%
Lurdes Gregório	-	-	-	-	16	1	-	17	9,66%
Cidália Ribeiro	-	-	-	-	8	1	-	9	5,11%
Maria Fernandez	-	-	-	-	8	1	-	9	5,11%

Exhibit 8

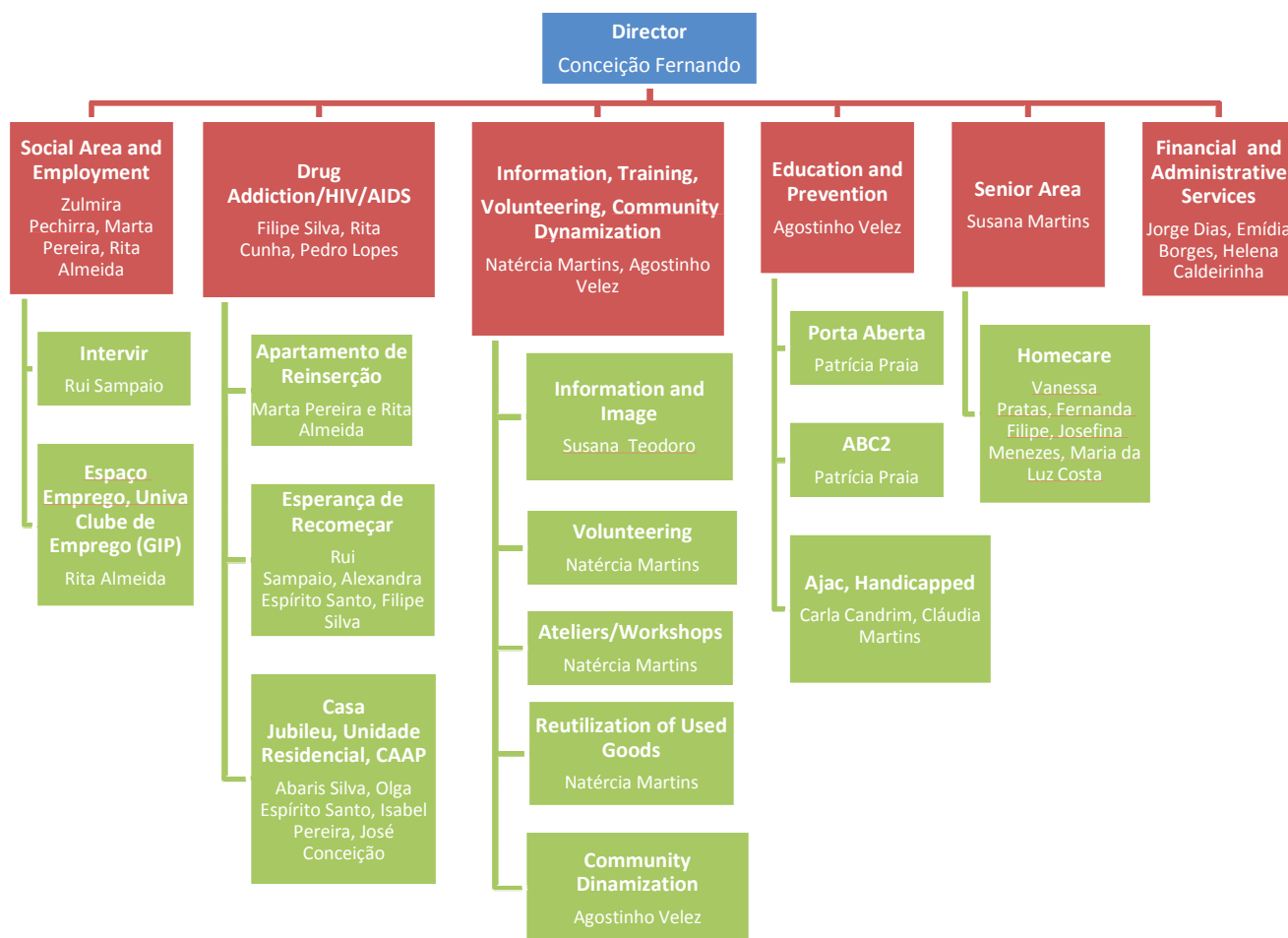


Figure 11 New Centre's Organigram

Exhibit 9

Table 9 Copimática Budget

COPI MÁTICA	
price per t-shirt (EUR)	9,90
discount	50%
price with discount	4,95
t-shirts quantity	10
<b>Total</b>	<b>49,5</b>

Source: Copimática

Exhibit 10

Table 10 Cash Register Price

Product	Price	Place
Caixa Registradora Olivetti ECR-7700	169	Staples

Source: Staples

## Exhibit 11

**Table 11** Second Hand Commercial Van Selling Prices

Brand/Model/Version	Price (EUR)	Year	Km	Seats	Doors	Location
Citroen Jumper Furgão Longo Alto 33LH-2.2HdI	5.001	2003	140.000	3	5	S. João de Ver
Opel Movano Van L2H2 3.3T 2.5CDTi 120	5.600	2002	240.000	3	5	Porto Salvo
Citroen Jumpy 2.0 HdI Combi (110cv)	6.900	2004	120.000	3	5	Benedita
Renault Master Ch/Cab Longo T.No 3.5T 2.2 dCi	8.200	2003	150.000	3	4	Sintra
Citroen Jumper L1H1 30 HdI 100	9.000	2003	97.000	3	4	Abrantes
Citroen Jumper Furgão Médio 29M-2.0HdI	9.450	2006	74.124	3	4	Gondomar
Ford Transit 280S-110TN (FAE6)	11.500	2007	100.000	3	5	Porto Salvo
Renault Master L2H2 3,5T 2.5dCi 120	12.000	2006	103.000	3	5	Porto Salvo

Source: <http://usados.automotor.xl.pt>

**Table 12** Second Hand Pick Up Truck Selling Prices

Brand/Model/Version	Price (EUR)	Year	Km	Seats	Doors	Location
Mitsubishi Canter FE649	9.500	2002	200.000	6	4	Vale de Ourém
Toyota Dyna 150 3.0 Rodado Duplo	9.500	2002	212.900	3	2	Seixo da Beira
Iveco Daily 3.0 HPI 35C14	10.000	2006	114.000	3	2	Vila Nova de Famalicão
Renault Master C/C Confort L3 3.5T 2.5dCi 100	10.500	2005	68.900	3	2	Lisboa
Iveco DAILY 35C12 2.3 HPI	11.000	2005	85.070	3	2	Maceira Leiria
Toyota Dyna 35.33	11.800	2002	86.000	3	2	Sta Iria de Azóia
Toyota Dyna 35.25	13.250	2006	75.000	3	2	Viseu
Mitsubishi Canter 3900 3.9 DID, 143cv	15.000	2002	270.000	3	2	-

Source: <http://usados.automotor.xl.pt>; <http://europa-carrinhas-comerciais.com>; <http://standvirtual.com>; <http://ocasião.pt>; <http://a2s.pt/usados>

## Exhibit 12

**Table 13** Commercial Van and Pick-up Truck Costs per Year Estimative

	Costs per Year (EUR)
Taxes	0
Insurance (Global)	350
Gas	300
Maintenance and Repair Expenses (Revicar)	500
<b>Total</b>	<b>1150</b>

Source: CCPC