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Management from the Nova School of Business and Economics.

U.Dream goes to market: An Evaluation of U.Purpose as a Business Unit and Analysis of

the Internal and External Environments Affecting its Strategic Position.

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U.Dream is a social enterprise targeted at developing social leadership skills. It recently launched U.Purpose (service) and *Crescer com Consciência* (product) aiming to ensure future financial sustainability. However, these were launched without conducting a market research and clear guiding strategy. The focus of this project is to assess the attractiveness of the CSR and children's book markets and U.Dream's current strategy, providing a strategic revision. Analysis highlighted the attractiveness of the market. In Portugal, the CSR consulting market is considerably underdeveloped and is expected to grow on the foreseeable future, which gives U.Dream the opportunity to earn a first mover advantage. Nevertheless, it was underlined that U.Purpose has significant improvements to implement before launching, namely, to develop an extensive marketing strategy and a dedicated U.Purpose team.

Disclaimer

This project was developed by a team of five students from Nova SBE in partnership with U.Dream in the context of a Master Thesis. The thesis was developed within the Social Leapfrog Program. This document is intended solely for the internal use of U.Dream and Social Leapfrog Program. It may not be provided to any other part without the express consent of U.Dream.

All of the information regarding U.Dream was provided by the organisation, either directly to the team or to Social Leapfrog. At the time when the project began, the organisation was going through an internal restructuring, changing its vision, mission, core purpose and re-organising in terms of business units. It was also working with other external parties in regard to improvement of internal processes, and information management and reporting. As these changes were occurring while the project was ongoing, there was a lack of documents reflecting them. The team relied on information provided by the management team through interviews. The project was developed according to the most recent information available and provided at the time.

Additionally, and also part of these changes, the organisation was already commercializing both U.Purpose and *Crescer com Consciência* when the project began. U.Purpose was not officially launched yet. Although it is doing so, the commercialization of both this service and product resemble a testing phase. Information regarding pricing, quantities sold, inventories, costs and current strategy was also provided by the management team through interviews, as documents in this regard also lack. The management team was not able to provide documents with costs split per business unit.

In regard to financial projections, the ability to use common methods was limited by the lack of historical information related to the business units in particular. Historical information includes financial data for the organisation as a whole; holding both U.Purpose and *Crescer*

com Consciência began being commercialized recently, data is not fairly reflected in the financial statements. Using it would bias the analysis, reflecting business areas whose nature is not comparable. It follows that the financial analysis is essentially short-term focused.

While every attempt has been made to ensure the accuracy and comprehensiveness of the project, neither the team or Nova SBE can guarantee its completeness due to the limitations presented above: lack of internal, updated, documents and need to rely on the management team to obtain important information, according to its willingness and availability.

The project was developed on a best effort basis and its goal is to be of assistance to the management team.

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1. U.Dream Context

This section aims to provide with an overview of U.Dream's organisational and operating context, as well as of the current financial position, establishing the basis to analyse the current status of each of the initiatives, re-define the strategies followed, and understand the potential incremental impact on profitability. It will be guided by the following research questions:

Section and Research Questions	Methodology
1. Key Question **What is U.Dream's current setting as it goes to market with U.Purpose and _Crescer com Consciência_?**	
1.1 – U.Dream Overview **What is U.Dream's organisational context?** • What is U.Dream? What is the key mission/values? • How has U.Dream evolved over time? • What is U.Dream's portfolio? Who are the target beneficiaries?	_Analysis of internal documents_ _Secondary data_ _On-site visit_ _Interviews_
1.2 – Organisational Analysis **How does the organisational structure look like?** • How does U.Dream structure its operations? • What is U.Dream's rating on the Diagnostic Tool for Social Enterprises?	_Data requests_ _On-site visit_ _Interview w/ executive directors_ _Diagnostic Tool for Social Enterprises_ (Social Enterprise London 2010)
1.3 – Financial Analysis **What does U.Dream look like from a financial perspective?** • Is U.Dream profitable? • How does each BU contribute to revenues? • How does it look like from a liquidity and capital structure perspective?	_Financial statements analysis_ _Data requests_ _Bottom-up analysis_
1.4 – Project Scope **Is there an opportunity for U.Dream in the CSR and children's book market?**	

U.Dream is a non-profit youth association with public utility that provides programs targeted at developing social leadership skills. It identifies a lack of social leaders in Portugal

and believes this problem stems from the absence of non-formal educational programs targeted at developing social leadership skills. It wants to be part of the solution through offering social leadership development programs for all ages, ultimately impacting the overall community.

Nonetheless, the following **complication** was identified. U.Dream recently launched a new product, *Crescer com Consciência* (a children's book collection), and service, U.Purpose (social leadership development programs for corporates), that it believes may help ensure future financial sustainability. However, these products were launched without conducting a thorough market research and developing and adequate pricing and promotion strategy. The **focus** of this project is to address this complication, through answering the following questions: are both the children's books and CSR markets attractive? If so, can U.Dream position itself successfully? For that, a three-step approach was followed, to be covered on the following sections (2-6):
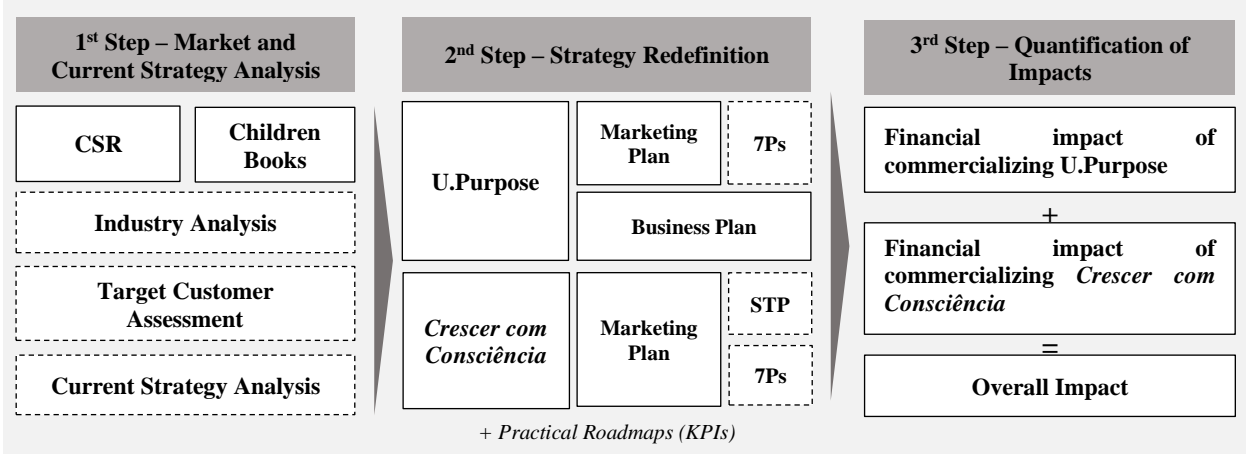
Figure 1: Project Approach

1.1 U.Dream Overview

What is U.Dream? What is the key mission/values?

U.Dream's **mission** is to orient society towards the common good through the potential of each individual. It does so by offering social leadership programs and products targeted at different groups: high school and higher education students; corporates; and specific groups within the community that are not included in the previous two (for example, elderly people or young people that did not attend high school or higher education). These programs follow a

three-step methodology that is embedded in U.Dream's journey, where each step aims at developing specific social competencies: (A) Personal Impact, (B) Impact in Relationships and (C) Impact in the Community. Its mantra translates into "I, I with the Others, and I with the Community". The organisation defines itself as a plan to change the world, and the **core values** guiding its operations are empathy, personal and social development, and transformation. Its **vision** is to be able to ensure that every individual can use its potential to positively transform communities, through all stages of its life.

U.Dream's journey consists of 3 subsequent steps: Intervention, Discovery, and Inspiration. This is the journey through which U.Dream leads its direct beneficiaries. Intervention is done through social experiences, as these allow for a close contact with the communities and raises awareness to social problems. The objective is to raise empathy. Both discovery and inspiration are done through sessions such as workshops, training, events, talks, testimonies, or other materials, all focused on continuous development. The goal is to boost the courage to look at ourselves and at those around us/supporting us, inspiring us to lead by being the example. The end result of this journey is dreaming, that is, believing on the importance of making dreams come true (both personal and of those around us). In other words, U.Dream's three-step process encourages action towards personal and community transformation (Appendix 1).

How has U.Dream evolved over time?

U.Dream was founded in 2013 by higher education students at Faculdade de Economia da Universidade do Porto. It was the first social junior enterprise to be established in the country. When it was founded, it had two core focuses: the first was to provide support to children with illnesses and respective families, ultimately working to make a dream of the child come true (social focus); the second was to provide junior consulting services in order to finance its social operations. At that time, students from Universidade do Porto were recruited to

integrate the organisation in one of its departments, such as Finance, HR, Marketing, etc., and side-line with working for the department, were integrated in the support and realization of a dream to an ill child. The organisation was fully composed by students working as volunteers. Junior consulting services ended roughly two years after and the key income streams until recent years became public funding and revenues from a membership card (members paid monthly and obtained discounts at corporate partners). Furthermore, and following its success in Porto, U.Dream quickly expanded to other cities in Portugal: Braga (2016), Aveiro (2017), Coimbra, where it no longer operates (2018), and Lisbon (2019). The business model was the same across cities and universities.

The rapid expansion was followed by a strategy revision, positioning U.Dream as an educational program targeted at developing social leadership skills in higher education students. Following 2019, students were no longer recruited to integrate the organisation. Instead, students applied to take part in an educational program comprised of theoretical modules and social projects (including the realization of a dream of an ill child). The organisation shifted from having students working as volunteers to being composed by full time employees and external consultants. Ever since, it has been working on restructuring.

Although it still offers social leadership programs for higher education students, the organisation's focus is now broader. In 2020, it began targeting different audiences, launching a children's books collection (*Crescer com Consciência*) and beginning the testing phase of social leadership programs for corporates. 2021 was marked by a business unit restructuring, that reflects the broader focus and extended product and service offerings. U.Dream also expanded its presence in universities to Viana do Castelo and Barcelos and began offering programs to high school students.

Over the last two years, the organisation has also been working with external parties. These range from consultants, namely Skillent (improvement of impact measurement), the

Kaizen Institute (improvement of internal processes) and Maze (financial sustainability), to programs, such as Academias do Conhecimento Gulbenkian (a step towards becoming a knowledge centre) and the Social Leapfrog Program (increasing impact and achieving long-term financial sustainability).

All of these changes and work with external parties reflect the organisation's current willingness to grow.

What is U.Dream's portfolio? Who are the target beneficiaries?

U.Dream has three sub-brands that reflect its three business units: U.Academy, U.Purpose and U.Community. Each business unit is targeted at a different audience and offers different products and/or services.

Through U.Academy, U.Dream's focus is to target higher education and high school students (direct beneficiaries). For higher education students, it offers two products: a 3-semester program consisting of 22 hours of workshops and 20 hours of volunteering per semester, plus on the participation in the realization of a dream of a child with illness and in developing or working on a project with social impact; and a 1 semester program, consisting of 22 hours of workshops, 20 hours of volunteering and on the participation in the realization of a dream of a child with illness. It currently works with universities in Porto, Braga, Aveiro, Viana do Castelo, Barcelos, and Lisbon. For high school students it offers one product: U.Click. Through its offerings it also targets indirect beneficiaries, namely IPSSs (where students volunteer), ill children (that are supported by students and see a dream come true) and potentially the overall community (as the social project can translate into social entrepreneurship, participating in a specific social project, etc.). U.Dream's ultimate goal is to foster social leadership and encourage a positive transformation in those around us through a change at an individual level. Therefore, it aspires that every individual participating in any of

its programs further creates a positive impact, ultimately impacting the community as a whole, indirectly.

U.Purpose targets the corporate market through its employees (the direct beneficiaries). Within this business unit, U.Dream offers two products: a program with 4 phases, where it begins by providing consulting in regard to social impact (phase 1), followed by offering workshops to classes of up to 10 employees (phase 2), doing initiatives with impact in the entire organisation (phase 3) and ending with the celebration of this impact (impact measurement and delivery of documents and materials reporting the impact generated) (phase 4); and a lighter version of this program, with only phases 1, 3 and 4. Throughout the programs, employees also have the opportunity to take part in volunteering activities and participate in the realization of a dream of a ill child. Furthermore, U.Dream's methodology and ultimate goal also apply. It follows that it also targets indirect beneficiaries such as IPSSs, children with illnesses, the overall community, and ultimately the corporate itself (because although not all employees participate, the company benefits from its investment in CSR).

U.Community is focused on offering products and/or services to groups of people that are not targeted through U.Academy or U.Purpose. As such, and although the direct beneficiaries depend on the specific project being held, the focus is to target the remainder of the community. Within this business unit, U.Dream currently offers two products: *Crescer com Consciência,* a children's book collection inspired in the stories of ill children that saw their dream come true with U.Dream, focused on promoting child reflection; and Summer Bootcamps, for young people who do not attend high school or higher education. The goal for future years is to increase product and service offerings. As the focus is broad, depending on the initiative, everyone that is not in high school or higher education and is not working in a company participating in U.Purpose's programs can potentially be a direct or indirect beneficiary.

1.2 Organisational Analysis

How does U.Dream structure its operations?

U.Dream's current organogram reflects its three business units (Appendix 2). It has a management team composed by an executive director (supervising the entire organisation on a daily basis), an operations director and a marketing and communications director. The management team is supervised by a general assembly (9 people), that further supervises a general meeting's council (3 people), a fiscal council (3 people) and an advisory council (3 people). The management team also heads each of the 3 business units.

Currently, all employees work full-time, except for the external financial consultant. The external financial consultant has a five-year contract with the organisation and provides services on a weekly basis. Regardless of employees working within a specific business unit, U.Dream also has employees working across units. Currently, there are 11 employees.

The organisation has a high variability in regard to number of employees, adjusting it according to ongoing project's needs within each business unit and public funding's requirements.

What is U.Dream's rating on the Diagnostic Tool for Social Enterprises?

In order to perform an internal organisational analysis, the Diagnostic Tool for Social Enterprises was used (Appendix 3). Developed by Social Enterprise London in 2010, this framework focuses on assessing the operating effectiveness and viability of social enterprises, as well as on identifying areas with potential for improvement.

The tool is composed by 10 sections that correspond to key areas within the organisation (Strategy, Governance, Customers and Users, Social/Environmental Impact, Operations, Systems, Data and Processes, Finances, Income Generation, Marketing and Communications and HR and Organisational Development). For each section there are several statements to be rated from 1 to 5. A comments column allows for a brief description of the organisation's reality

and supports the score. Statements have different weights to reflect for its importance within the section and final scores for each section are computed based on a weighted average.

This analysis highlighted U.Dream's strength in adding and measuring social value, with the Social/Environmental Value section being the best performer (4,8/5). The score reflects the usage of impact assessment tools and frameworks for all projects and incorporation of impact assessment outputs in overall communication. It also highlights a relatively good ability to generate income supported by the capacity to identify and win funding and tender opportunities and a good governance.

However, it also under covered the need to revise the organisation's operational, financial, and strategic management and the approach to customers and users (worst performer). All of these sections have scores bellow 3 (mid-point). The score in operations (2,8/5) is supported by the operational inefficiency in handling projects and activities and the lack of quality assurance procedures and risk analysis. The organisation would benefit from easing internal processes through uniformization and improving internal communication. It is followed by a low score for financial management. Currently, there is a lack of financial maturity, with no risk report being done, and a general lack of financial analysis, such as analysis of breakeven points and solvency, liquidity, and profitability analysis. The organisation is unable to provide financial information for each business unit. Furthermore, there is no one fully focused on the financial management of the organisation. There is a large room for improvement by integrating a full-time financial team that could deliver outputs and analysis to the management team. In regard to strategic management, the organisation does not have a long-term strategy and there are no procedures for developing, monitoring and reviewing the business plan at least yearly. Moreover, the vision, mission and objectives have changed recently and are not clearly communicated yet. The organisation would benefit from developing both a short-term and long-term strategy to generate a higher internal alignment and better

external communication, as well as to implement procedures for monitoring and reviewing it regularly. When developing a strategy in light of key stakeholder's needs, it would benefit from using frameworks such as a SWOT analysis to create win-win relationships. Lastly, the low score for customers & users (1,9/5) is explained by the lack of a thorough market research, customer assessment and pricing and marketing strategy for newly commercialised products and services. Additionally, the organisation did not perform an analysis to understand the economic viability of products without funds and does not measure repeat customer use for the products where it is applicable. Improvements would be seen if this analysis and research were performed.

1.3 Financial Analysis

This sub-section focuses on understanding the financial reality of the organisation over the past years. The full historical financial statements that guided it can be found in Appendix 4 and Appendix 5.

Is U.Dream profitable?

Between 2018 and 2021, expenses grew at a higher rate than income (13,96% versus 15% CAGR over the period), motivated by a strong increase in expenses from 2020 to 2021. As such, although both EBITDA and Net Income increased largely between 2018 and 2020, 2021 marked a sudden drop in these figures to only slightly above the values observed in 2018 Profitability improved between 2018 and 2020, reflected in a positive evolution of the EBITDA and Net Income margins. Nevertheless, in 2021, these ratios steeply dropped, accompanying the overall trend of a larger growth in expenses relative to income. The organisation is now having an increased difficulty in translating its revenues into profits (Figure 2).
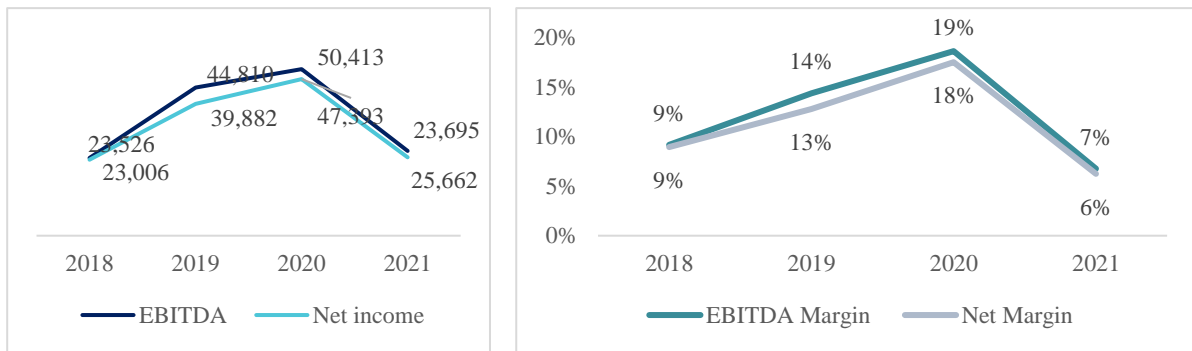
Figure 2: Profitability analysis

Furthermore, and even though total revenues increased largely, this increase was motivated by a rise in operating subsidies. Both the revenue and cost structure reveal an increased dependency on public funding, with operating subsidies currently representing 61% of income sources and operational and personnel expenses representing 90% of U.Dream's total revenues and 233% of U.Dream's own revenues. Looking at the cost structure, it is important to note that personnel expenses grew steadily, reflecting the transition from having a volunteer base to having only employees. Currently, these represent 61% of operational costs (Figure 3).

Figure 3: Income and cost sources (in €)

How does each business unit contribute to revenues?

With U.Purpose and *Crescer com Consciência* still on a launching stage, and almost a decade of experience in working with universities, U.Academy is by far the largest contributor

to revenues (84%), followed by U.Community (5%) and U.Purpose (3%) (2021 data) (Figure 4). Note that the difference regards general revenues.

Figure 4: BU revenues breakdown in 2021
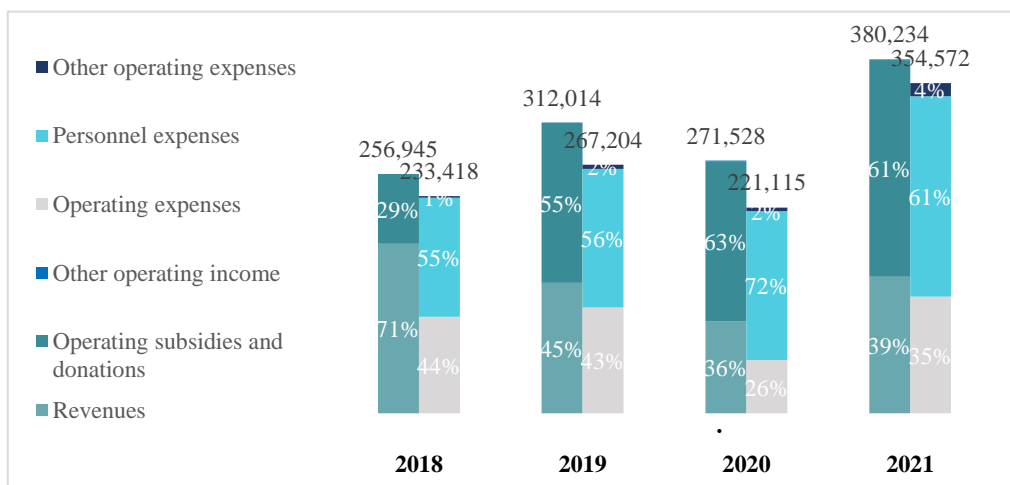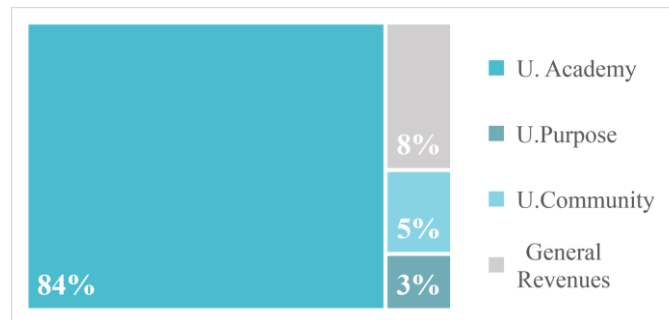
Importantly, within U.Community, *Crescer com Consciência* is the main contributor to revenues, through programs (85%) and book sales (8%). The organisation was unable to provide a revenue breakdown for earlier years, as well as a cost breakdown. An important remark is that, looking at the information provided, U.Dream only obtained €1 409 from book sales in 2021, implying 141 books sold (assuming every book was sold at the standard price). Holding the total number of books sold of 2185 until now (Cruz e Mendes 2022), this suggests a slightly different contribution of *Crescer com Consciência* in 2019 and 2020. Nevertheless, values reflect the current status of *Crescer com Consciência* and U.Purpose, as well as an accurate overview of the big picture.

How does the organisation look from a liquidity and capital structure perspective?

U.Dream improved its liquidity position over the past years (2018-2021), reflected in a current ratio of 7,9 and cash ratio of 4,71 in 2021 (reference value of 1) (Appendix 6). This implies that it can meet all of its obligations without having to liquidate any of its assets (i.e. using only cash), holding that it does not have long-term obligations. Notwithstanding, and although safe from a liquidity perspective, the high cash ratio (fairly above 1) suggests that U.Dream may be missing interesting investment opportunities that could yield higher returns. The Net Working Capital increased largely motivated by an increase in Current Assets,

strengthening the strong liquidity position. Nevertheless, it is important to note that this was mostly boosted by a large increase in cash and cash equivalents due to public funds.

From a capital structure perspective, both the solvency and financial autonomy ratios improved over the period indicating a high independence towards creditors (7,19 and 0,88 respectively in 2021) ([Appendix 7](#)). The solvency ratio indicates that U.Dream could meet 7,19x all its obligations through internally generated cash. These figures are fairly above bank requirements.

Both the liquidity and capital structure analysis suggest that U.Dream is in a good position to access debt financing in future years. This can be a potentially interesting option as public funds are maturing.

1.4 Project Scope

- The scope of this project is to understand whether the children's book and CSR markets are attractive and, if so, how can U.Dream position itself successfully, i.e. establishing a strategy that allows it to succeed.

- U.Dream recently broadened its focus, redefining its vision and mission and restructuring its business units. The new organisational context reflects the willingness to expand product offerings and enter new markets. The analysis suggests that U.Dream is now better positioned, internally, to succeed in the CSR and children's book markets.

- The organisational analysis (sub-section 1.2) outlined a fit between the current organogram and business units, reinforcing the positive internal positioning.

- However, the Diagnostic Tool for Social Enterprises revealed the need to revise and redefine the approach to customers and users and the potential to increase operational efficiency and improve strategic and financial management. This is of high importance to succeed in commercializing *Crescer com Conciência* and U.Purpose.

- From a financial perspective, the analysis outlined the need to diversify and increase the importance of organic income streams, as the organisation became increasingly dependent on public funding. The success of *Crescer com Consciência* and U.Purpose may be key towards achieving long-term financial sustainability.

The next chapters will be focused on analysing the CSR and children's book markets and the current strategy of the organisation. In light of the research results and analysis performed, a strategy redefinition will be proposed, that the team believes will allow U.Dream to succeed in these markets. Finally, overall financial impacts will be quantified, and final recommendations will be provided. In light of the end-goal of the strategies – enter businesses that allow the organisation to secure long-term financial sustainability – the quantification of impacts will take a full financial perspective, disregarding other sources of impact (namely social impact).

2. An evaluation of U.Purpose as a business unit and analysis of the internal and external environments affecting its strategic position

The previous chapter discussed U.Dream's current situation as an organisation, from its history to how it has evolved to its current position. Furthermore, the portfolio and mission/values that have been explored in the previous section are important for the analysis conducted in this section, where U.Purpose will be explored and what shapes the current market landscape. Also, in the following chapter market barriers, competition and what differentiation factors are used, are all explored. The analysis is guided by the following research questions:

Section and Research Questions	Methodology
2. Key Question **What is the current market landscape for U.Purpose?**	
2.1 – Overview **What is U.Purpose?** • What is U.Purpose? • What is the current offering?	*Interviews* (Cruz, Headquarter's Interview 2022) (Cruz, Information Request 2022)*, (Cruz, U.Dream's explanation of U.Purpose 2022)* *Internal documents* (U.Dream 2022).
2.2 – Target Customer **What are U.Purpose's customers?** • What are the customer segments? • Who are U.Purpose's customers?	*Segmentation matrix* (P. Kotler 1994) *STP model* (P. Kotler 1984).
2.3 – U.Purpose Industry **In which industry does U.Purpose operate?** • What is U.Purpose's potential revenue pool? • Who are the competitors? • What are the potential barriers of entry and factors affecting UP's entry?	*Market sizing* *Competition analysis* (Chen 1996) *Porters 5 forces* (M. E. Porter 1979) *PESTLE analysis* (Aguilar 1967).
2.4 – Market Strategy **What is U.Purpose's current market strategy?** • How does U.Purpose fit in the marketing mix framework? • What differentiation factors are used?	*Marketing Mix analysis* (Booms and Bitner 1981) *Differentiation factors,* (M. E. Porter 1985).

Howard Bowen is regarded as the father of modern CSR as his work and publication of his book "Social Responsibilities of the Businessman" (Bowen 1953) was the first dedicated academic research directed at bridging the gap between corporate activities and societal impacts

(Mauricio Andrés Latapí Agudelo 2019). That landmark in CSR has given authors such as Archie B, Carroll the way to develop what today is regarded as the CSR frameworks and definition of CSR through the publications "A Three-Dimensional Conceptual Model of Corporate Performance" (Carroll, A Three-Dimensional Conceptual Model of Corporate Performance 1979) and his publication of the CSR pyramid (Carroll, The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders 1991); the main idea and definition is: "Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organisations at a given point in time" (Carroll 1979). Global developments such as the UN MDG's in 2000, the UN development of the SDG's and the Paris agreement in 2015, the EU directive (2014/95/eu) requiring large companies to start reporting non-financial information such as diversity. All evidence of the increase in importance of CSR in today's business environment.

Following this mega-trend U.Purpose was born to leverage such a movement in the Portuguese geographical market. Many companies require a helping hand for the implementation of CSR and that's where the business idea lies.

2.1 Overview

What is U.Purpose?

U.Purpose is the CSR consulting service that U.Dream provides to other companies. This business-to-business service was created as a result of the demand from corporate donators asking for more than a mere "donation". U.Dream started formulating services for these companies from 2016 and, in 2020, the U.Purpose concept was born.

U.Purpose is still in its "pilot" phase, providing comprehensive packages for clients' employees to develop their social leadership skills (Cruz 2022). This is accomplished through

various educational and hands-on activities such as workshops, volunteer work and events. This business unit's offering is located in Portugal, specifically in and around Porto.

The main idea for U.Purpose's implementation is to leverage corporate spending on recreational events for employees to be spent with conscience and social benefits that deliver a larger impact, whilst tapping into the CSR needs of these organisations (Cruz 2022). In terms of the drive and theory for U.Purpose it can be said that this service is a tool to help build and nurture more social leaders. It can also aid companies to attract and retain talent through their attractive CSR initiatives, enabling these companies to get the right exposure (Cruz 2022). U.Purpose has the drive to replace unnecessary expensive events with more meaningful ones.

The services aim to provide customized team building events that help employees find fulfilment by involving them in good-will activities such as helping fulfil dreams of ill children, volunteer work in IPSS's and workshops honing employee's social leadership skills.

What is the current offering?

U.Purpose's product portfolio is composed of three different sized and timed packages that accommodate to the needs and wants of their customers. These packages are split into different phases over time in which different services are provided by the U.Dream team.

Starting with the big package, with a price point of €36,025 [1.5 years]; it is split into a four-phase process starting with impact consulting, moving into U.Dream classes, followed by the widespread community impact and the final phase: celebrating U.Dream's impact. This package is aimed at large corporations with high spending power (U.Dream 2022). Each phase includes multiple actions or services. Phase one (impact consulting) includes a strategic analysis of the corporation, qualitative data research and creating the annual CSR strategy. Phase two (U.Dream classes) includes an integration to the U.Dream platform, the presentation of the program as well as three workshops, two impact actions and one impact campaign. Phase three (widespread community impact) includes access to monthly inspirational content, the

realisation of three dreams of seriously ill children, three impact actions in the city and two inspirational actions. Phase four (celebrating U.Dream's impact) includes impact measurement, an annual impact handbook, documentaries of the impact stories plus the additional offer of adapting to larger groups by adding services that add to the current price point.

The medium package has a price point of €8850 [6 Months] and is catered to smaller budget companies. It includes three phases: impact consulting, widespread impact, and impact celebration. Phase one (impact consulting) includes a strategic analysis of the corporation, a survey of community needs and the creation of the annual CSR strategy. Phase two (widespread impact) encompasses the integration to the U.Dream platform, realisation of two dreams, five actions (IPSS), 4 actions in the city and 3 inspirational actions. Phase three (Impact celebration) annual impact handbook (U.Dream 2022).

Regarding the smallest package, that has a price point of €5290 euros [3 months], this service is still in trial mode, therefore its step-by-step processes haven't been established yet. Furthermore, this package is being trialled on the market to attract new clients. It permits companies to get a taste of what U.Purpose has to offer without the long-term commitment of the other packages whether it be time or money (U.Dream 2022).

2.2 Target Customer

What are the customer segments?

When consulting U.Dream's founder about the most important factor regarding potential customers, his key requirements were interest in CSR and size of the corporate client **Invalid source specified.**. As such, the segmentation matrix for customers was formed with these two core components: interest in CSR and size. Hereby, using both demographic (revenue size) and psychographic (interest in CSR) segmentation (P. Kotler 1994). By organising the matrix in this manner, it was possible to analyse the most attractive segments for U.Purpose.

In order to make the clusters quantifiable, the size was addressed into three categories: less than €1 million in revenues, between €1million and €4.9 million in revenues and above €4.9 million in revenues. Furthermore, to make the "interest in CSR" factor quantifiable, it was split from the highest level: having a CSR department; to the medium factor: having CSR practices; to the lowest: having no CSR practices. By adding three levels on each spectrum of the matrix, this allowed for the development of an elaborate segmentation with nine separate
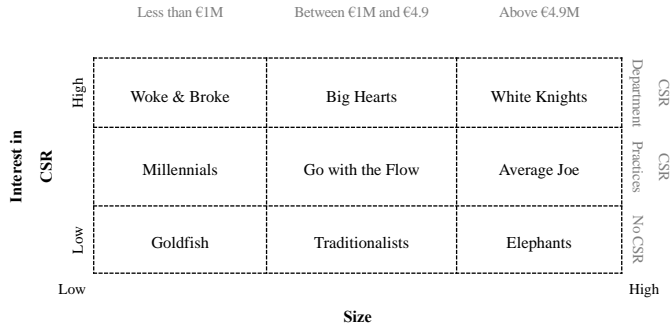
Figure 5: Segmentation Matrix U.Purpose based on (Kotler P. , 1994)

clusters. It also enabled a "go- or no-go" analysis in which the attractive segments were clearly defined as well as the ones that were extremely unattractive, with the bottom left section of the matrix demonstrating the "no go area" and the top right area with the "go" area. The elements represented in the segmentation are displayed in the matrix. The nine clusters identified include:

Woke & Broke – This segment has a high interest in CSR; these companies detain CSR departments. However, in terms of size they only have revenues of less than €1 million.

Big Hearts – This segment detains sizeable revenues of between €1million and €4.9 million. These are medium sized Portuguese companies with CSR departments due to their high interest in this area.

White Knights – This segment is the "holy grail" in terms of attractiveness as it nclued the biggest companies in the Portuguese market with a CSR department, that are committed to the cause.

Millennials – This segment has a medium sized interest in CSR. Therefore, it engages in CSR activities; however, these are small companies with revenues of less than €1million (it can include start-ups and local businesses) with not enough cash to be attractive to U.Purpose.

Go with the flow – This clusters sits in the middle of the matrix with companies that are not big enough to be attractive and not interested enough in CSR to be considered.

Average Joe – This segment includes companies with revenues larger than €4.9 million, making it very attractive; furthermore, these companies actively engage in CSR practices even if they do not have a dedicated department to it.

Goldfish – This segment sits on the bottom left of the matrix, in the "no-go" area. This is since these companies have no interest in CSR and no cash to invest into such activities either.

Traditionalists – This segment also falls within the "no-go" area of the matrix; although they have a significant revenue stream, between €1million and €4.9 million, they do not have any interest in the CSR sector to be considered.

Elephants – This segment is composed of big companies with revenues above €4.9 million, hence the name, however they have no interest in CSR.

According to this segmentation analysis, which identifies the "go and no go" in terms of customer clusters, it can be assessed that the "no go" areas include the: Millennials, Goldfish and Traditionalists. Whereas the "go" are the Big Hearts, White Knights and Average Joe's.

The three segments on which the study will pursue will be the Big Hearts, White Knights and Average Joe's due to their differentiating factors that make them attractive to U.Purpose. The ideal cluster being White Knights as they score highest in both size and interest in CSR, both contributing to the profitability potential of U.Purpose and abiding to U.Dream's core values. Big Hearts contribute in terms of high interest in CSR which in turn contributes to their willingness to pay for U.Purpose even if their revenues are not as big comparable to White Knights. Lastly, the Average Joe's contribution comes in their size in terms of revenues; as such they have high spending power, and to their current active involvement in CSR practices.

Who are U.Purpose's customers?

As identified in the previous section, the customers that U.Purpose should target include the White Knights cluster, the Big Hearts cluster, and the Average Joe cluster.

"Interest in CSR" is measured through whether the company has a CSR department, which is the case for White Knights and Big Hearts. If they do not have a dedicated CSR department but actively engage in CSR practices, as it is the case for companies within the Average Joe cluster. This analysis was conducted through Sabi in 2022**Invalid source specified.** a profiling database for Portuguese and Spanish. Through this database, companies were segmented according to size and industry, aiding to quantify such clusters. Then, to narrow the scope, a statistical analysis was conducted through random selection of 2 sets of 30 companies within each size group to create a viable sample and researching their interest in CSR. To investigate their interest in CSR an online search of each sample's CSR practices was conducted through Google search, company reports, and LinkedIn profiles associated with the company. The three categories used in the segmentation matrix (P. Kotler 1994) for the level of interest in CSR, being "having a CSR department", "having CSR practices", "having no CSR activities".

The findings demonstrated that 36.6% of the upper quartile of companies by revenue size in Portugal have CSR departments; these are the White Knights, represented by 2423 companies (Figure 5). Furthermore, 20% actively engaged in CSR activities; this percentage represents the Average Joe cluster with 1322 companies (Figure 5). In total, within the range of companies in Portugal with revenues above €4.9 million, 56.6% demonstrated an interest in CSR. For the Big Hearts cluster, the same methodology was adopted, by looking into companies with revenues from €1 million to €4.9 million with CSR departments. From this, 33.3% of these companies were determined to be Big Hearts, meaning 6,574 organisations in total.

Therefore, U.Purpose's target customers represent 10,319 corporates within the Portuguese market that fit within either the White Knights, Average Joe or Big Hearts clusters.

2.3 U.Purpose Industry

What is U.Purpose's potential revenue pool?

Using the 10,319 target customer companies elaborated in the previous section, the potential market size of U.Purpose could be established by multiplying this figure by CSR expenditure of companies. To obtain the CSR expenditure of corporates, given that the figure isn't disclosed publicly in Portugal, neighbouring markets were assessed. Through research, it was noted that CSR expenditure is evaluated in percentage of revenues **Invalid source specified.**. Furthermore, when conducting research through governmental bodies such as the European Union **Invalid source specified.**. The limitations of this legislation however were evident in the lack of an official definition of CSR within the law **Invalid source specified.**. According to the Berkeley Economic Review **Invalid source specified.** it was discovered that in the United States, 0.1% of total revenues from the Fortune 500 companies were spent on CSR in 2020. Given that this is the most reputable source of information regarding CSR expenditure in addition to the fact that this figure of 0.1% is considered the "norm" with regards to developed countries, it can be argued that this figure is the most representative of what the Portuguese market will eventually converge to. Therefore, in order to assess a market size, this estimate will be used.

To calculate the revenues of each cluster, total revenues of companies within the size range were multiplied according to the percentage representative of CSR interest. For example, to determine the Average Joe segment size in revenues, the total revenues of the "above €4.9 million" category (€222 billion) were multiplied by the percentage of companies with CSR practices (20%) which gave us a revenue pool of €44 billion for this cluster. The methodology was applied to the white knights (€81 billion) and big hearts (€13 billion). Then, the sum of the three revenue pools were added together to give a total revenue pool of €139 billion. To

concretise this figure to be more tangible, the CSR expenditure rate of 0.1% of revenues was used to come to a final annual revenue pool for U.Purpose of €139 million (Appendix 8).

Who are the competitors?

Through analysing the Portuguese CSR market for potential competitors, multiple organisations have been identified that may have different approaches, organisational structures and CSR focus when compared to U.Dream. The competition analysis tool exploring direct, indirect and substitute competition is a common framework with variations diluting its origination, however Ming-Jer Chen's 1996 "model of competitor analysis" (Chen 1996) is considered the first version. Mentions and inspiration trace all the way to Theodore Levitt's infamous "marketing myopia"**Invalid source specified.**, all to be considered for this analysis.

Direct Competition**:**

Grace is a non-profit organisation founded in 2000, that specializes in the areas of Corporate Social Responsibility and Sustainability**Invalid source specified.**. Through the deep dive into the competition, it became apparent that Grace is one of the leaders of the CSR field in Portugal. They have strong leverage on the market appearing to be the go-to for many companies that are looking to explore their CSR options**Invalid source specified.**. Subsequently, they benefit from a strong word of mouth and deep trust within the CSR space in Portugal. Grace is part of the European Venture Philanthropy Association (EVPA) and CSR Europe, giving them advantages of exposure and credibility**Invalid source specified.**. It currently has about 200 associates**Invalid source specified.**. It is structured as a public utility business association, meaning it operates a large network of associates to disseminate, create, develop, and support CSR activities. It offers **services** catered to benefit all associates as well as specific one-off projects**Invalid source specified.**:

- **Training Catalog:** educational sessions on CSR topics that are catered to employees for the purpose of training. Price ranges from €200-€400 if it is a workshop and from

€1050 - €1400 if it is a course (associates - non-associates price) **Invalid source specified.**.

- **Citizenship and Corporate Volunteering "GIRO2.0":** tailor made volunteering activities based on the clients CSR strategy coupled with their desired SDG's. Grace usually suggests opportunities to clients when available. Pricing is based per project therefore it is unknown to the public.

- **Clusters:** a collaborative workshop where associates can come together to share SDG or general CSR practices together as well to find and create synergies amongst themselves. Pricing of this activity is included in the subscription of being an associate.

- **Uni.Network**: a program that aims to connect associates with higher education institutions to collaborate on CSR. Pricing of this activity is included in the subscription of being an associate. It is free for educational institutions.

- **Diversity & Inclusion:** a program designed to help associates to recruit and integrate people with disabilities. Pricing of this activity is included in the associate subscription.

Regarding marketing activities, Grace effectively markets itself by attending and participating as many events as possible, these including Webinars, Seminars, Summits, Expo's, Workshops, etc. The associate pricing is based on the size of associates in regards of revenue and number of employee's, ranging from €500 up to €3500 annually**Invalid source specified.**.

Stravillia is a private company founded in the year 2009 which specializes in CSR consulting. Stravillia aims to differentiate from the rest by tackling CSR at the strategic level, claiming to formulate a consulting team that is viewed as an extension of the client's team**Invalid source specified.**. In addition to the latter, it is also involved in the implementation of the strategies which cover roughly all areas of a business starting from the stakeholders and all the way through the value chain**Invalid source specified.**. Stravillia has a reputation of

being the most critical and serious player since its activities are directly tied with the very operations of their clients. It markets its service as a necessary step for the future of any business as it believes that sustainability strategies are essential for the future success of corporates**Invalid source specified.**. Stravillia became an associate of Grace in 2012 and heavily benefits from the long list of associates that are a part of it, having a very easy access to potential clients. Grace forwards the more serious consulting inquiries to Stravillia implying there is a collaborative effort where it is recommended by Grace to the other associates; last of these efforts include workshops created in partnership between Grace, Sair Da Casca and Stravillia**Invalid source specified.**. Stravillia is also a B certified corporation, giving them credibility as a sustainable company. Additionally, it is a member of The Business Council for Sustainable Development (BCSD) Portugal and is a Global Reporting Initiatives (GRI) training partner. It offers the following services:

- **Consulting service:** custom consulting service comprising Strategy, Management and Communication. Their activities range from making plans and road maps, to carbon services, SDG's, benchmarking, and all the way to training and reporting. Pricing is per project and therefore it is unknown to the public.

- **Stravillia Academy**: provides multiple courses such as GRI and SDI reporting certifications. Each course can be done either on site or online, which the online version is cheaper. Pricing depends on the course and the days it takes for completion, starting from €150 to €600 per person, there is a 10% discount for employees from companies that are associates of GRACE, BCSD or B corporation certified**Invalid source specified.**.

Marketing activities follow similarly to the industry standards of attending as well as participating in events.

Sair Da Casca is a private company that was founded in the year 1994 which also specializes in CSR consulting. Similarly to Stravillia, it targets the company's strategy, working with clients to design, implement and communicate social responsibilities**Invalid source specified.**. The company is only targets the social aspect of CS and is also a member of the Grace Association where it takes advantage of the associates to approach customers. Similarly, Grace recommends Sair Da Casca to the associates that are looking for specific social projects and holds workshops together with it. It is also certified as a B corporation leveraging from the positive image of such a certification and offer the following **serviceInvalid source specified.**:

- **Consulting service:** providing a customized strategy consulting service that follows the structure - Diagnosis, Positioning, Action Plan, Evaluation and communication. Pricing is based per project and not available to the public. Marketing activities follow similarly to the industry standards of attending as well as participating in events.

Impacteam is a private company that was founded in the year 2015 as an extension to Impactrip. It is an operational consultancy on social responsibility, meaning it is the closest player to U.Purpose in terms of business plan**Invalid source specified.**. Its consultancy approach is quite different as the assigned team does not become an extension of the clients but rather a mere complementary team that helps the client achieve their needs whether social or environmental**Invalid source specified.**. In addition, it does not directly target the overall management or strategy as much, hence it is not as critical. On the other hand, it claims to have around 350 social and environmental associates in Portugal hinting at a potentially large client list**Invalid source specified.**. Being an operational consultancy, Impacteam has similar activities to U.Purpose (volunteering and event planning). The services offered are **Invalid source specified.**:

- **Consulting and projects**: customized projects where the impact team help clients achieve CSR needs, ensuring a positive impact. Pricing is customed and private.

- **Volunteering and Team building:** customized volunteering activities that involve the employees of clients to create a positive impact. The employees are tasked to help in real life situations where they dedicate team and effort to a cause. This service is also considered as a team building activity that fosters bonds and fulfilment. Pricing is also unavailable to the public because it is custom.

- **Event Planning:** clients can hire them to plan their corporate parties or any other events to have a social or environmental impact in somewhat usually routine corporate events. Pricing is also unavailable to the public because it is custom to the client's needs.

A competition Matrix visualizing the differences between market players is in Appendix 9.

Indirect Competition**:**

Team building services are considered indirect competitors since they potentially overlap with U.Purpose's revenue pool. Moreover, one of the core motivations for the creation of U.Purpose was to be able to acquire clients that use team building services and convince them to spend that money on more impactful team building practices such as U.Purpose (Cruz, U.Dream's explanation of U.Purpose 2022). Examples of Team building companies are Catalyst Team building, BG building, Team Dynamics PT, Beaband and Ritmundo.

Events Planning: As an outcome to holding multiple interviews with U.Dream, it was very apparent that events planning was also a motivation for the foundation of U.Purpose. U.Dream was interested in the funds that were spent by companies on lavish events. The reaction of U.Dream was to include the €4000 program to the U.Purpose umbrella (Cruz, U.Dream's explanation of U.Purpose 2022). Corporations spend a lot on celebrity appearances, entertainment, and performances. Hence, there's an opportunity where such funds can be leveraged to be used on more sustainable like event planning while keeping the original idea of the client. There are many examples of corporate events planning services such as Events Portugal, Eventeam, Activities in Portugal, EventBrite and Adneventos.

Substitute Products**:**

CSR Software:. There are multiple software solutions to the issues of CSR that can be accessed by corporations at a much cheaper price than of a full-on consulting service. The software comes with modular and customizable features that allow organisations to handle their CSR in house. Most include direct connections with non-profits all around the world from which a corporation can pick and donate depending on their need. The software takes inputs from the preferences of companies further providing them with the most suitable recommendations. A major advantage of these is the monitoring features coupled with the automatic recording of KPIs. On the contrary, a major disadvantage is the fact that these applications require a dedicated department/team to operate them. In addition, the software only provides recommendations meaning no tangible actions are being taken. Third parties are usually contracted to save time and to provide real tangible results based on experience with such tasks hence there is an apparent advantage for CSR consultancies. There is a considerable threat on the long term if these applications get further developments and features. In addition, there could be even further threats if these companies decide to actively pursue the Portuguese market. Examples include Alaya, Optimy, GoodWorld, Selflessly, and CSRconnect.

What are the potential barriers of entry and factors affecting UP's entry?

Porters 5 forces analysis (M. E. Porter 1979)**:**

This infamous model is used to analyse industry structure, to determine corporate strategy, and using this model helps to discover the strengths and weaknesses of the industry. Furthermore, the 5 forces can also aid explaining the barriers that exist in the market.

Rivalry Among Existing Competitors: LOW

As a result of the in-depth analysis of the competition in the previous section, they appear to be quite friendly with each other, and their goal is to improve sustainability of corporations, therefore they do not deploy aggressive tactics. Rather, they work together for

example: Grace, Stravillia and Sair Da Casca work together not only on projects but also to launch workshops **Invalid source specified. Invalid source specified.**. Due to the fore mentioned reasons, Rivalry amongst Existing competitors is Low.

Bargaining power of suppliers: LOW

Due to the very custom nature of the services provided, very little power belongs to the suppliers. Depending on the client, different inputs are required allowing for freedom of choice. For example, if a client requests a volunteering experience, U.Purpose can organise multiple arrangements for locations and materials due to the large availability of businesses that rent out space for events or in some cases these events would occur at the client's site (Cruz 2022).

Bargaining power of Buyers: LOW

Buyers that are looking to hire CSR services are willing to spend on the betterment of society, for employee retention and attraction**Invalid source specified.**. Even if they are sensitive in price, buyers do not apply extensive pressure (Cruz 2022). Secondly, from the competition analysis conducted above choices are limited in the Portuguese scene. Another reason for buyers low-price sensitivity can be attributed to the benefits that buyers obtain by implementing CSR practices, these benefits include financial performance, competitive advantage, employee satisfaction and retention, and overall reputation **Invalid source specified.**.

Threat of substitute products: MEDIUM

Through thorough analysis of the features of many CSR software (Alaya, Optimy, GoodWorld, Selflessly, CSRconnect, Brightfunds) it was demonstrated that these types of CSR software need dedicated employees to operate, and the real-life activities are to be organized by the client's employees. This takes time, money, and effort that companies could simply outsource to third parties such as U.Purpose. However, there is a threat if apps such as Alaya

and Optimy; expand directly to the Portuguese market, they could cause significant disruption due to their proven track record around the world.

Threat of new entrants: HIGH

The CSR industry in Portugal is in its early stages. It is not as mature as other European countries due to of the small number of players working, advocating, or associated with CSR. Therefore, there is plenty of room for international players to enter.

<u>PESTLE analysis </u>(Aguilar 1967)**:**

This tool is used to discover the Macro-environment of an industry or a business (Aguilar 1967). The dimensions are: Political, Economic, Social, Technological, Legal and Environmental.

Political: Being a democratic republic, in Portugal NGO's operate with complete freedom without any interferencesInvalid source specified.. A very positive outlook overall as Portugal was given the scores 39 out of 40 in political rights and 57 out of 60 in civil rights accumulating a global freedom score of 95 out of 100 which is a near full score signifying a true democratic nationInvalid source specified.**.** In addition, Portugal is the only EU country that does not have an implemented framework for sustainable development of the United Nations 2030 agenda **Invalid source specified.**. This can be viewed as an opportunity to advocate for the implementation of SDG's and to implement SDG's in U.Purpose's products.

Economic: As concluded in the analysis of U.Dream's current situation and context in the first chapter of this research it has been concluded that, U.Dream in general has a very strong economical position and has the possibility of acquiring more funds through dept. Furthermore, economic factors in the Portuguese economy are positive such as the European Commission's forecast for the Portuguese GDP growth which is expected to be at 5,5% for 2022 **Invalid source specified.**.

Social: A quite alarming factor for NGOs and U.Dream is found in the Charities Aid foundation's annual report on the World Giving Index for the year 2021 in which Portugal ranked at 113th out of 114 countries surveyed Invalid source specified.. Specifically, Portugal ranked 104th in helping a stranger with 37%, ranked 106th in donating money with 13% and ranked 102nd in volunteering time with 10%Invalid source specified..

Technological: According to the European Innovation Scoreboard of 2021 Portugal has been classified as a "Moderate Innovator" with a score of 90. Even though this is still a positive sign keeping in mind that the EU average is 80, there was a huge decrease from the previous year in which Portugal was classified as a "Strong Innovator" and had a score of 98Invalid source specified.. As written in the report the reasons for such a decline were "reduced performance on the indicators using innovation survey data, hiding strong performance increases on Tertiary education, Government support for business R&D, ICT specialists, Job-to-job mobility of HRST, and Environment-related technologies."

Legal: Since Portugal is an active member of the EU it is required to follow EU primary and secondary laws, Regulations, Directives, Decisions, Delegated acts and Implementing Acts as part of the Treaty On European Union And The Treaty On The Functioning Of The European Union (2016/C 202/01). Due to this format of the EU law, most of the members have similar laws; therefore, this is a benefit for businesses in Portugal, and the EU in general, as it guarantees good law practices for all businesses. In addition, Portugal is in the upper 85.1 percentile in the Rule of law for 2020 in the World Bank's Governance Indicators that encompasses 200 countriesInvalid source specified..

Environmental: In line with the PESTLE dimensions, the use of widely known and trusted KPI's is essential. The SDG index was used for the environmental dimension to evaluate Portugal's performance. According to the 2022 rankings, With a score of 79.2 Portugal places 20th amongst 163 countries. Portugal places above the regional average of 77.2 with

immaculate performances in data submission where missing data is at 0%, meaning that Portugal is very active and vigilant in submitting their reports**Invalid source specified.**.

On the other hand, an alarming factor is the Governments' Commitments and Efforts for the SDG scores, Portugal placed in the **Low Commitment** bracket meaning the government is not fully committed in efforts to the achievement of SDGs**Invalid source specified.**.

2.4 Market Strategy

How does U.Purpose fit the marketing mix framework ?

The Marketing mix analysis **Invalid source specified.** of U.Purpose demonstrated areas of improvement within the place, promotion, people, and physical environment.

The *pricing* offer of U.Purpose is established with three price points: the €36,025 big package aimed at large corporates, the €8,850 medium package aimed at smaller, yet long term clients, and the €5,290.00 small package aimed at attracting new clients. The fore mentioned prices can be adjusted according to the needs and wants of the client, and are established with a price-to-cost approach, however this topic will be elaborated on further in the next chapter.

The *place*, in terms of where the client can view U.Purpose's offerings is currently limited as they do not have a defined place up until now. However, they have had organic online searches from clients as well as emails and LinkedIn message inquiries. Furthermore, it currently relies on personal connections as driving factor to capture customers.

In terms of *promotion*, at present, U.Dream does not openly communicate about U.Purpose. The exception to this includes a video on their LinkedIn page which encourages companies to get in touch but does not elaborate further on the U.Purpose's service.

With regards to the *physical environment*, U.Purpose is currently provided through interactions with companies, more specifically their employees. The first interactions with the business unit can take place via e-mail, one on one meetings, or elaborate presentations to the

company. Later on, employees have the chance to interact with U.Purpose through social impact campaigns, projects, developing dreams, educational workshops, talks and volunteering.

U.Purpose's *product* is a team building social impact service that caters to the CSR needs of organisations, with three separate offerings: the big package, the medium package, and the small package (U.Dream 2022).

The *process* is an elaborate 4 step or 3 step strategy according to the size of the package with multiple products and services provided within, this includes CSR strategy, workshops, seminars, volunteer work, impact actions and realising ill children's dreams.

The *people*, or key points of contact for U.Purpose customers include both founders Diogo Cruz and Diogo Mendes, who take the reign on overall operations, as well as Ana Mouta and Claudia Lobo who assist the founders on UP projects. This workforce is spread across multiple projects of the U.Dream's organisation, with the founders taking a bird's eye view approach to the work conducted and both assistants working on all other U.Dream projects too.

When assessing how the brand positions (P. Kotler 1994) itself, U.Purpose caters to the CSR needs of companies by providing comprehensive packages for employees to develop social leadership skills. U.Dream uses both a functional positioning (P. Kotler 1994) as it provides CSR solution for companies, and a symbolic positioning (P. Kotler 1994) as it plays on the emotion of helping others, helping find an inner sense of meaning within the community.

What Differentiation factors are used?

U.Purpose differentiates (M. E. Porter 1985) itself in the market through seven factors: volunteering, dreams, teams, impact, well-being, mantra, and packages. U.Purpose leverages a volunteer-based operational process to engage employees in working with and for the elderly, the ill and children. U.Dream uses volunteering as both an educational and social inclusivity tool to create a sense of community, where each party derives value from the interaction. U.Dream's unique selling point is in the realization of dreams for seriously ill children.

Furthermore, in terms of teams, U.Purpose places a large emphasis on community, focusing on team building through social impact activities. Many of these activities include volunteer work for those in need and educational workshops. U.Purpose also focuses on impact. As such, its focal point is not team building but rather to help conduct CSR diagnoses for corporates to have a substantial, sustainable, and long-lasting impact. Another differentiating factor (M. E. Porter 1985) is well-being, as communities lie at the heart of the values of U.Purpose as does the sense of self. Hence, U.Purpose focuses on the psychological, mental health and mental well-being of employees. U.Dream's mantra: "I, I with others, I with the community" (U.Dream 2022) echoes the key theory on which the NGO sits. That by helping others, one can help oneself. Lastly, U.Purpose offers three comprehensive packages, providing different options.

What core issues does U.Dream need to address for U.Purpose?

The step-by-step process involved in the gap analysis **Invalid source specified.** can be applied to U.Purpose in order to assess the areas with room for improvement within the business unit.

Firstly, the current situation is that U.Dream currently takes on about two to three U.Purpose projects per year **Invalid source specified.**. However, the desired outcome is to take on more projects to be able to cover the organisation's costs adequately in light of government funding cuts and flourish into a profitable business unit. Hence why, U.Dream needs U.Purpose projects to be financially independent from external funding, and a reliable source of revenue for U.Dream to carry out activities **Invalid source specified.**. The factors that prevent U.Dream from achieving such goals, known as the identifying and documenting the gap include: logistics, location, prioritization, access to information, revenue pool figures, competitor price points, competitors processes, marketing strategy, customer acquisition and marketing mix.

With regard to logistics, it was noticed that the ability of U.Dream to take on multiple U.Purpose projects was restricted due to lack or resources and lack of staff. U.Dream's

employees are fragmented across multiple sections and projects that the NGO is completing and as such there is no team working solely on U.Purpose.

In terms of the location, according to MarketLine's Macroeconomic outlook report on Portugal **Invalid source specified.** the Northern region only accounts for 29.7% of the GDP share of Portugal, whereas Lisbon accounts for 36% and the central region accounts for 18.8%. This means that U.Dream is self-sabotaging by narrowing its focus to one geographic location.

The statistical analysis conducted for the target customer was based on samples taken from companies according to revenue size from the online database platform Sabi**Invalid source specified.**. These samples abide to the rule of N>=30 but may present limitations in the dataset.

The market sizing was based on the figures obtained through the sample and statistical analysis conducted for the target customer section. As such, gaps in the analysis may arise due to the limitations of such methods and the lack of information regarding this sector in Portugal.

When analysing U.Purpose's industry, it was noticed that there are few players within the market and there is a significant lack of information regarding industry price points, tactics and processes. Nevertheless, there are not many international players within the Portuguese market. Moreover, processes and as offerings vary largely from one company to another.

From this gap assessment **Invalid source specified.** it can be concluded that U.Purpose lacks a marketing strategy due to the fact that this offering is still in its "pilot" stage. Therefore, the customer acquisition process is yet to be determined. From the marketing mix analysis, it was deducted that there is currently no specific place to see the U.Purpose's offerings and physical evidence for customers to assess the offering is also missing.

In order to identify the process to achieve the desired outcome: turn U.Purpose into a substantial income stream that supports the organisation in the long-term; the means to fill the

gap **Invalid source specified.** including recommendations, marketing plan, business plan and impact assessment will be further discussed in the next chapter.

Key Takeaways:

- U.Purpose is a business unit of U.Dream that provides 3 different CSR consulting packages to clients : Big package (€36,025, 1.5 years), Medium package (€8,850, 6 months) and Small package (€5,290, 3 months).

- A segmentation matrix was conducted using 2 main factors, "Interest in CSR" and "size" in revenues. Which resulted in 9 clusters that were shorted into 3 favourable ones. The White Knights, Big Hearts and Average Joe's.

- A revenue pool of €139 million was calculated through market sizing techniques.

- Grace, Stravillia, Sair Da Casca and Impact team are the identified direct competitors.

- Indirect competition includes Events planning services because it is a revenue stream that U.Purpose would like to explore. Substitute products are digital players in the CSR space, that provide features such as donations or can organize team building.

- Porters 5 forces and PESTLE were conducted, and the results reflect a relatively easy-going market with high threat of new entrants and moderate substitute product threat.

- The current U.Purpose has a few gaps fitting in the Marketing mix: Such as Place and Promotion, in which they currently have no systemized approach to dealing with customers. Since UP is in Pilot stage there have been no promotion activities.

- U.P differentiation: Client Volunteering, Dreams realization, Sense of community, lasting Impact, Wellbeing of client employees, Mantra, and variety of Packages.

- Gap analysis: logistics, location, prioritization, access to information, revenue pool figures, competitor price points, competitors processes, marketing strategy, customer acquisition and marketing mix.

3. Strategic recommendations for the implementation of U.Purpose's business activities and empirical roadmap for the future

The previous chapter analysed the current situation of U.Purpose, it gave an overview of the brand, an investigation of its customers, a deep dive into the industry and its market strategy. Furthermore, the chapter highlighted areas in which U.Purpose's brand, strategy and tactics could be strengthened as a whole. The following chapter will review this in depth by assessing U.Purpose's value proposition, putting forward an elaborate marketing plan as well as a strategic business plan with tangible steps for the future.

Section and Questions	Methodology
3 - Key Question **How can U.Dream successfully launch U.Purpose to market?**	
3.1 – Value proposition **How does U.Purpose create value?** • What is U.Purpose's value proposition canvas? • What constraints does U.Purpose face?	*Value proposition canvas (Osterwalder & Pigneur, 2010), theory of constraints (Goldratt, 1984)*
3.2 – Market Plan **How should U.Purpose be marketed?** • How should the marketing mix analysis cater to this strategy? • What market plan & strategy should U.Purpose leverage? • How should U.Purpose target each cluster?	*Extended marketing mix (Booms & Bitner, 1982), Push and pull marketing (Lambert & Cooper, 2000), Targeting (Kotler, 1994)*
3.3 – Business Plan **How can U.Dream turn U.Purpose into its own profitable business unit?** • What are the price ranges for U.Purpose and their pricing strategy? • How can U.Purpose implement these recommendations?	*Cost-based pricing & Value-based pricing (Nagel & Holden, 2002), Implementation map (Nutt, 1986), Customer journey map (McKinsey, 2009)*

4. An evaluation of *Crescer com Consciência* and analysis of the internal and external environments affecting its strategic position

Considering the difficulties identified together with the organisation, this chapter focuses on presenting U.Dream with a clear vision of the book publishing industry and its competitive landscape. This information is the basis of a series of recommendations tailored to the identified market conditions. The questions bellow aid the navigation of the relevant topics:

Section and Questions	Methodology
4 - Key Question **What are the characteristics of the children's book industry and market and how is *Crescer com Consciência* positioned in the competitive landscape?**	
4.1 – Overview **How does the initiative contribute to U.Dream's mission?** • What is *Crescer com Consciência*? • How were the books developed?	*Interviews* (Cruz, Headquarter's Interview 2022) (Cruz, Information Request 2022), *Internal documents* (U.Dream 2022).
4.2 - Publishing Industry and the Book Market **What are the dynamics of the publishing industry and book market?** 4.2.1 - Publishing Industry • What is the publishing industry? • What is the industry supply chain? • What are the book publishing paths? • What are the advantages/disadvantages of each path? • What is the case for U.Dream?	*Supply Chain Management* (Oliver 1982), *Interviews* (Cruz, Headquarter's Interview 2022) (Cruz, Information Request 2022)
4.2.2 - Book market • How is the book market defined? • What is the market size and relevant competitors? • What is the point of market entry and exit? • What is the market price point and cost structure?	*Market Research and Analysis, Cost Analysis*
4.3 - Target Customer **Who are the main customers and how is U.Dream targeting them?** • What are the potential customers' habits and behaviors? • Who are the current customers? • Did the company conduct a STP analysis?	*Survey, Internal documents* (U.Dream 2022), *Segmentation matrix* (P. Kotler 1994),*STP model* (P. Kotler 1984)
4.4 - Current Strategy **How is U.Dream currently commercializing the books?** • What brand positioning is the company aiming to achieve? • What are the key takeaways?	*Interviews and Internal documents* (U.Dream 2022) *Extended marketing mix (Booms & Bitner, 1982)*

5. Strategy redefinition for *Crescer com Consciência* through a new approach to the marketplace, and practical roadmap for the future

Section and Research Questions	Methodology
5. - Key question **What are the strategic revisions that allow *Crescer com Consciência* to establish a successful positioning?**	
5.1 - Recommended Route **What is the most suitable publishing path for U.Dream?**	*Industry analysis*
5.2 - Marketing Strategy: Segmentation, Targeting & Positioning **What is the recommended marketing strategy?** • How can the potential customers be Segmented? • What segments should U.Dream Target and why? • Does the value proposition align with the potential customer's profile? • How to strongly communicate the brand's value? Defining the positioning	*Value proposition canvas (Osterwalder & Pigneur, 2010), Brand Laddering* (Keller 2013), *Segmentation matrix* (P. Kotler 1994),*STP model* (P. Kotler 1984), *Targeting (Kotler, 1994)*
5.3 - Marketing Mix **What are the recommendations on the 7Ps?**	*Extended marketing mix (Booms & Bitner, 1982), 6M Model* (Avery e Teixeira 2016). *Customer journey map (McKinsey, 2009)*
5.4 – Conclusion and next steps • What are the key takeaways?	*Implementation map (Nutt, 1986)*

This section begins with an assessment of a key strategic decision: whether U.Dream should continue operating as a self-publisher or contact a publishing house. That is followed by the definition of a marketing plan for the initiative, where the Segmentation, Targeting and Positioning analysis will be performed. Subsequently, a value proposition that caters to the target customer will be outlined. This, along with the brand positioning, will serve as the baseline to elaborate an adequate marketing mix, thereby revising the current one. The methodology used comprises research and an analysis of the outcomes of the previous section through the STP, value proposition canvas, brand laddering and 7Ps' frameworks.

6. An analysis on the financial impacts of commercializing U.Purpose and *Crescer com Consciência* and project wrap-up

Over the previous sections, the focus was on identifying gaps in the current commercialization strategies of U.Purpose and *Crescer com Consicência*, developing actionable go to market strategies that will allow U.Dream to position itself successfully in both markets. Holding the organisation's end goal with the commercialization of this service and product – creating revenue streams that ensure long-term financial stability, while contributing to its social mission – it is of high relevance to assess the financial impacts that the proposed strategies have on baseline profits. Further, the key conclusions and implications of the overall project will be outlined. This will be done through answering the following research questions:

Section and Questions	Methodology
6 - Key Question **What is the incremental impact on profitability from pitching U.Purpose and *Crescer com Consciência* to market?**	
6.1 – U.Purpose **What is the financial impact of commercializing U.Purpose?** • What is the cost structure embedded in the strategic recommendations? • What is the aggregate cost analysis? • What is the break-even point and implied market share? • How can the price point be adjusted within the proposed range? • What are the maximum revenues and profits that U.Purpose can capture? Based on scenarios, what is the estimated profit?	*Bottom-up analysis* *Break-even analysis* *Scenario Analysis* *Sensitivity analysis* *Internal documents* *P&L forecast*
6.2 – *Crescer com Consciência* **What is the financial impact of commercializing *Crescer com Consciência*?** • How does each marketing mix recommendation impact profitability? • What is the overall impact in profitability? • What it the break-even and implied market share?	*Bottom-up analysis* *Scenario Analysis* *Break-even analysis*
6.3 – Overall Impact and Key Take-Aways **How do the defined go to market strategies impact the organisation's profitability?**	*P&L analysis*
6.4 – Project Wrap-up • Considering U.Dream as a whole, what is in and out of scope in this project? What does it reveal regarding areas of concern and opportunities? • What are the main conclusions and limitations to the analysis?	

6.4. Project Wrap-Up

Considering U.Dream as a whole, what is in and out of scope in this project? What does it reveal regarding areas of concern and opportunities?
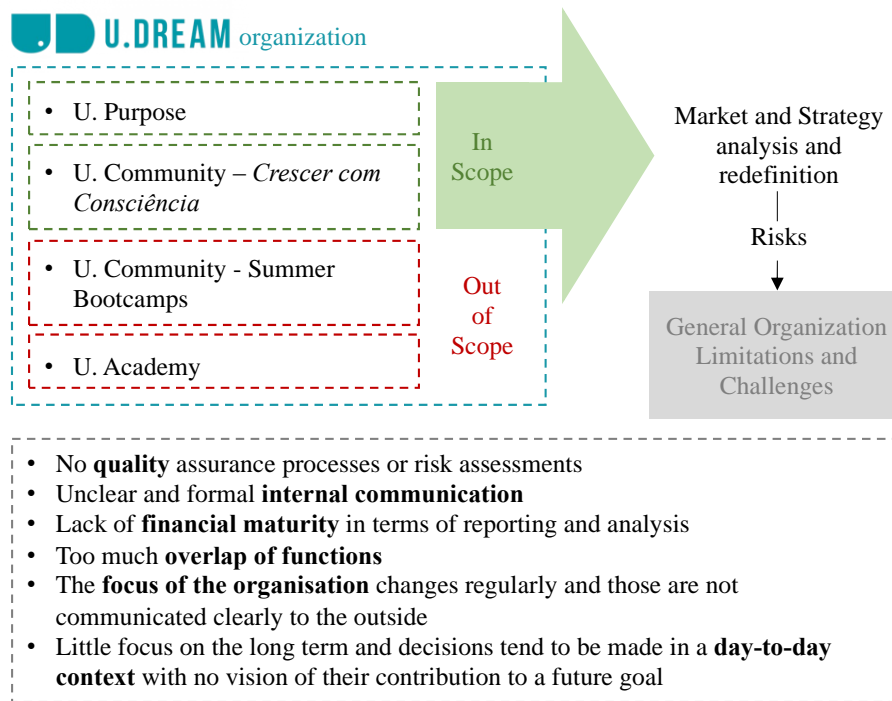
Figure 7: Summary of Thesis Scope and Limitations

- The project centered on the analysis of U.Purpose and *Crescer com Consciência* (initiative within U.Community). It excludes U.Academy, U.Dream's core business unit and key contributor to organic revenues. An analysis of U.Academy's current strategy might reveal opportunities that unlock financial and social value creation.

- While a general analysis of the organisation was performed under section 1, it was not the focus of the project. Nevertheless, it revealed aspects, on an organisational level, that may hinder the success of the go to market strategies. The key areas of concern are operations, where efficiency is low in light of a lack of standardized internal and external procedures, finance, where the lack of financial analysis hides risks and opportunities, and strategy, where the lack of clear long-term goals leads the team to lose its focus in regard to tasks prioritization and resource allocation on a daily basis.

- U.Dream must prioritize a deeper analysis on this level and revision.

What are the main conclusions?

> **Is there an opportunity for U.Dream in the children'S book and CSR markets?**

Yes.

Both *Crescer com Consciência* and U.Purpose are distinctive, quality offerings, that cater to attractive segment's needs. Whereas the CSR market is in an early stage, and therefore growing and with few competitors, the book market is mature, stagnated and highly competitive. As a consulting service, and therefore value-based offering, U.Purpose displays the highest potential to drive revenue and profit growth, sustaining the organisation in the future. Nevertheless, when ramped-up, *Crescer com Consciência* is expected to promise a steady revenue stream, allowing for diversification benefits.

In detail

1. What is U.Dream's current setting as it goes to market with U.Purpose and Crescer com Consciência?

- U.Dream is a social enterprise that focuses on developing social leadership skills. It is seeking business opportunities that allow it to deliver its social mission while ensuring future financial sustainability. With that purpose, it recently launched a collection of children's books – *Crescer com Consciência* – and a CSR consulting service for corporates – U.Purpose. However, this was done without a market assessment and clear strategy.

U.Dream's recent restructuring and healthy financial position place it well to succeed with the go to market strategies. The financial analysis reveals the need to do so. The P&L indicates high dependency on public funds – 61% of revenues sources – as well as a heavy fixed costs structure – 61% of costs are personnel expenses, and 84% of organic revenues concentrated in one business unit, suggesting potential diversification benefits from entering new markets. While the management team is driven and enthusiastic, the

organisational analysis revealed a lack of structure and long-term planning, with no clear and objective targets, strategic analysis and delivery and financial reporting procedures. Revising these is key to succeed in the CSR and children's book markets.

2. What is the current market landscape for U.Purpose?

- U.Purpose is a B2B business unit of U.Dream that offers Corporate Social Responsibility (CSR) consulting services to corporates. It has three packages of services that address different consumer needs in terms of price and time of the projects. When analysing the current market situation of U.Purpose it was found that the business unit has few direct competitors (Grace, Stravillia, Sair Da Casca and Impact team) a sizeable revenue pool (€139 million), a high threat of new entrants yet a moderate substitute product threat. Therefore, market conditions are extremely favourable to U.Purpose. Furthermore, the way U.Purpose differentiates itself is also extremely favourable due to the unique structure of the service provided (client volunteering, dreams realization, sense of community, lasting impact, wellbeing of client employees, mantra, and variety of packages). When looking at the "as-is" of the business unit however some questions were raised. Since it is still in a "pilot" phase, there is no systemized approach to dealing with customers or promotion activities. Furthermore, considerable issues surfaced in the gap analysis with regard to: logistics, location, prioritization, competitor price points, competitors processes, marketing strategy and customer acquisition. This chapter demonstrated the current limitations the business unit has in terms of operational/commercial issues and demonstrates the need for further research to be done on the above before U.Dream can successfully launch itself to market.

3. How can U.Dream successfully launch U.Purpose to market?

- U.Purpose's key value proposition gives the brand a competitive edge in the market however within its current state of affairs, the business unit faces significant constraints

that could hinder potential growth. Given that the brand is still in a pilot stage and has not yet officially launched to market, marketing is of utmost importance. The brand needs to leverage on both traditional and digital marketing practices to drive customer awareness and cater the message according to the cluster targeted. Furthermore, U.Purpose's pricing strategy must reflect current market demands. Lastly, the sub-brand needs to focus on the fundamental elements such as marketing, human resources, finance, and strategy to become the successful business unit U.Dream wants it to be.

4.What are the characteristics of the children's book industry and market and how is Crescer com Consciência positioned in the competitive landscape?

- The market and the book industry analysis indicates that the business model that U.Dream has chosen is the extreme opposite of what is the predominant choice. Thus, while U.Dream is responsible for all steps, from book development, to production and marketing, most of its competitors rely on publishers who work with the best professionals in each step. Furthermore, the Portuguese book market is considered mature and stable, with no significant variability in prices. These two facts stress the relevance of developing a strategy oriented towards competing with these professionals, leaving behind an ad-hoc methodology. This is reinforced by the fact that the way to grow will be to capture competitors' market share and/or (in a future phase) expand to other geographies. The organisation has already achieved differentiating and unique conditions in terms of production costs; however, it still needs to professionalize a strategy for the final part of the supply chain.

5. What are the strategic revisions that allow Crescer com Consciência to establish a successful positioning?

- Since B2B customers are not part of the traditional definition of the book market, an STP analysis was conducted to get a clearer picture of the type of customer to target.

The result was three different segments with similar characteristics: civic/social awareness, empathy, and alert. This reinforces U.Dream's responsibility to live up to its promises in terms of social action but, at the same time, represent a group of potentially loyal and activist consumers (earned media). The fact that U.Dream has not fully understood its market and has not developed a concrete strategy, explains the need to develop one that addresses the organisation's key challenge: communication. Therefore, most of the recommended 7Ps are oriented to support an integrated and cohesive promotion strategy such that potential customers understand the value proposition of the offer.

6. What is the incremental impact on profitability from pitching U.Purpose and Crescer com Consciência to market?

- U.Purpose and *Crescer com Consciência* are estimated to add at least €46 789 and at most €108 809 in profits until the end of FY2023, that add to €23 695 in Net Income in 2021. The values are promising, backed by U.Purpose's financial projection until 2026 and expectation that in 2024 U.Dream will already have been able to sell *Crescer com Consciência* in key retailers. However, it reveals some risks: U.Purpose's success is conditional to hiring and retaining talent, and of Crescer com Consciência to secure partnerships that allow it to compete with big publishers.

What are the main limitations to the analysis?

Some limitations are expressed in the disclaimer, namely lack of financial information per business unit and internal documents on the initiatives/overall organisation, and lack of availability to respond to data requests. Additionally, the CSR survey conducted presents a time-accuracy trade-off, where a larger sample could allow for more accurate conclusions. Further research can still be done to increase the accuracy in financial projections, namely integrating historical financial information and the impact of financing decisions.

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Table of Figures

Appendix

Appendix 1: U.Dream's journey
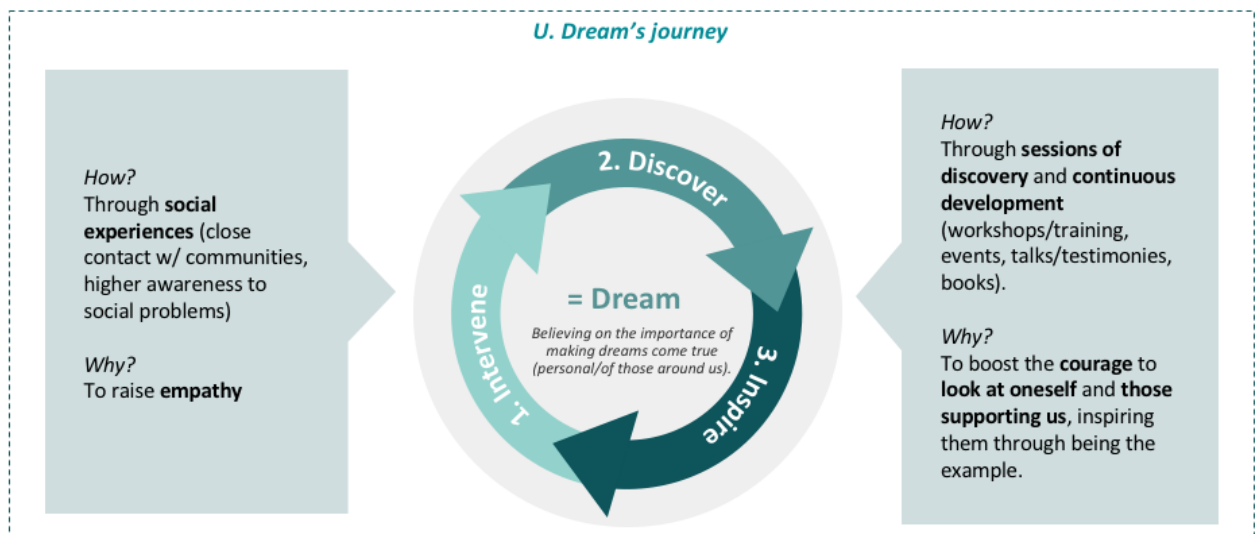
Appendix 2: Organogram
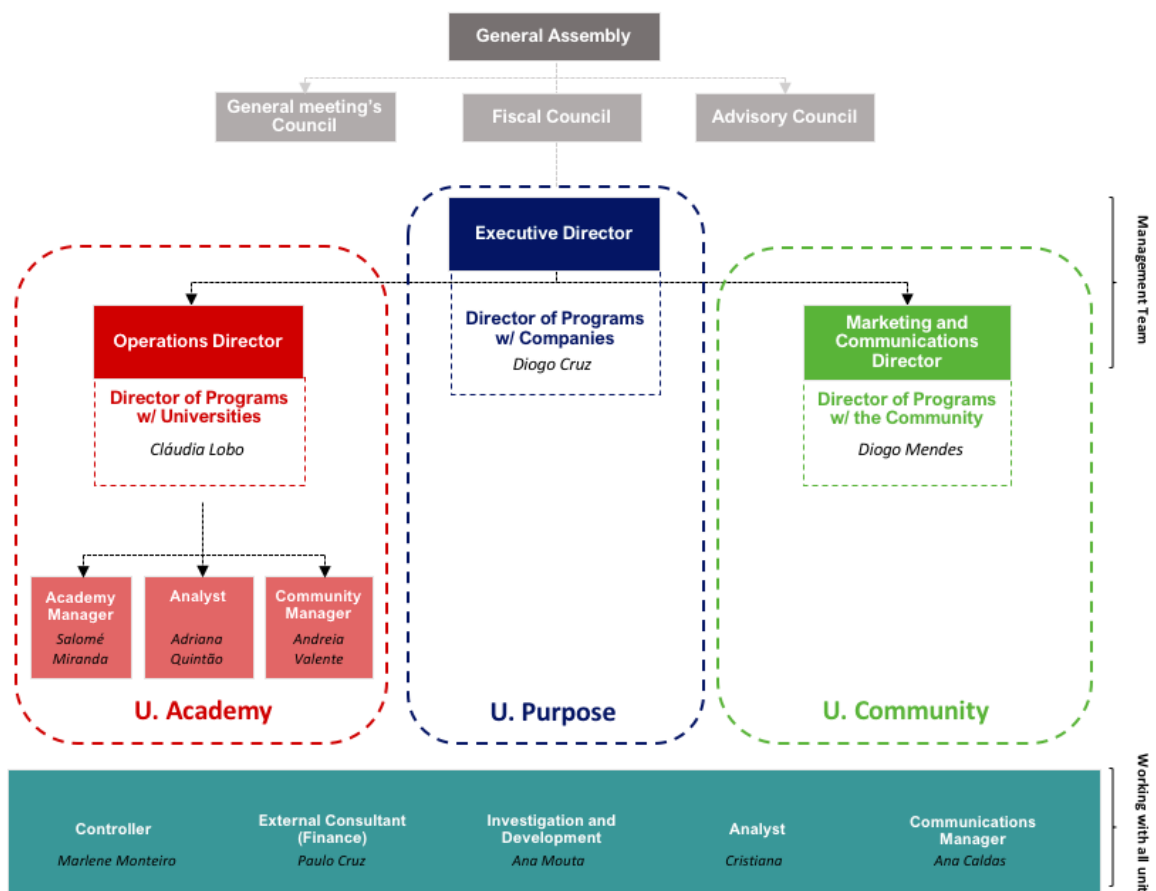
Appendix 3: Diagnostic Tool for Social Enterprises

Score	Rating	Explanation
1	Statement is False	There are no processes, policies, actions or documents in place
2	Statement is Partly False	The organisation is able to reference some of the documents, policies or procedures, but there is no evidence of these being embedded or implemented in practice.
3	Statement is Neutral	The organisation has the policies, procedures and documents in place, and can reference them, but the evidence of them being embedded and live is weak.
4	Statement is Partly True	The organisation has relevant policies and knowledge, but there is room for improvement in terms of embedding and using the processes or undertaking the actions.
5	Statement is True	Processes and policies are practiced and embedded in the organisation and continuous improvements to them are made.

	Score	Weight	Comment	Adviser's Notes
1. Strategy				
Section Goal: To explore the direction and strategic planning of the organisation, ownership of the strategy and alignment of new ideas with the overall direction.				
The organisation has a strategy that defines its vision, mission and objectives.	2	20%	The organisation recently shifted its vision, mission and objectives. Currently, documents regarding this shift are still being developed as the organisation tailors its new vision and mission to daily activities and works with external consultants. There is no scope definition of the organisation over the long-term.	Strategy is the direction and scope of an organisation over the long-term, setting out its aspirations and goals to meet the needs of the market and to fulfil stakeholder expectations, as well as taking into consideration the operating environment and resources available. A strategy can be a short document.
Where a strategy exists, it has been developed in collaboration with key stakeholders, and takes into account the organisation's strengths, weaknesses, opportunities and threats.	3	20%	Strategies are developed considering, but not necessarily in collaboration with key stakeholders. The organisation uses the SWOT analysis punctually for internal purposes. However, it is not commonly used when developing strategies for new projects.	With the goal of creation of win win relationships with the involved parts.
There is a 3- 5 year business plan in place that is directly related to the organisation's strategy and identifies the activities to be undertaken to achieve the objectives.	1	20%	The organisation currently manages its strategy ongoing. There is no definition of activities nor objectives for the time frame of 3 to 5 years.	A business plan is the working tool to turn the strategy into reality. It is a written management document which is used to develop, grow and manage a business. The business plan is aligned to the strategy and sets out the key operational issues and activities.

A person or team has been appointed to take responsibility for developing, monitoring and reviewing the business plan on at least a yearly basis.	1	20%	Over previous years, the organisation used frameworks such as a Balance Scorecard to review its business plan on a regular basis. Currently, it considers that reviewing its business plan adequately, deeply and regularly is too time consuming. Therefore, formally, there are no procedures for business plan revisioning on a yearly basis.	
New business development or project ideas are assessed against the overall strategy and the organisation's objectives. The project ideas are prioritized according to their impact on the overall organisation.	5	20%	Although a long-term strategy currently lacks and the overall strategy is being redefined, U.Dream follows a 3 step methodology to prioritize business development/new projects and ideas: alignment with the mission, generation of social impact vs. impact on the overall organisation and achieving financial sustainability.	Business development refers to activities which an organisation undertakes related to trading, sales or products, to grow the existing customer base and find new markets. This would include new contract and commissioning opportunities.
Avg. Weighted Score	**2,4**	**100%**		

	Score	Weight	Comment	Adviser's Notes
2. Governance				
Section Goal:	**To explore the direction and strategic planning of the organisation, ownership of the strategy and alignment of new ideas with the overall direction.**			
The organisation has an appropriate legal structure in place for its activities, and relevant legal documentation.	5	15%	U.Dream is a non-profit youth association with public utility. This legal structure allows it to commercialize its activities (Books, U.Purpose, U.Academy) and access public funding. It has the relevant legal documentation.	It will be important to jointly explore with the organisation whether they have chosen an appropriate structure (e.g. Charity, IPS, CLG, CLS, LLP, CIC, other). If they are unincorporated explore with them if this is still appropriate to them, based on their income, scope of activities and risk.
A Board of at least 3 people has been appointed to guide the direction of the organisation. The Board meets on a regular basis (at least once every 6 months) to discuss the organisation's progress and strategic direction.	2	20%	U.Dream has a Director's Council (9 people), a General Meeting's Council (3 people), a Fiscal Council (3 people), and an Advisory Council (3 people). However, none of these councils meet with each other or internally. The majority of the meetings that focus on the organisation's progress and strategic direction are held either by the management team (most common) or by the management team with external consultants and the advisory council.	Rules vary depending on the legal structure of the organisation as to the ideal number of board members, but a board of 3 people is recommended, to present a third voice in the event of disputes in decision making.
The Board meets with or receives regular updates from the Management Team of the organisation to ensure that it is aware of any operational and financial issues that could impact on the direction of the organisation.	3	15%	The Director's Council meets with the management team in regard to operational and financial issues. However, this is not done regularly.	

Board members are recruited based on their relevant expertise, influence and knowledge. The organisation provides capacity building for Board members.	1	15%	The statement applies to the management team. The Board was set based on knowledge of the organisation and availability/willingness to be part of it.	Capacity building and training of board members is important, enabling them to give guidance and effective direction to the organisation.
An organisational chart is in place with clear lines of accountability and authority.	5	15%	U.Dream as an organogram specifying lines of authority and accountability. It does not include the board (governing bodies), however these are present in the annual reports.	
The organisation has undertaken a stakeholder analysis to understand which parties have particular interest in it and influence over it.	4	10%	The organisation understands who are its direct and indirect beneficiaries and stakeholders in general. Data in this sense could be more structured.	A stakeholder is a person, group, organisation, or system who affects or can be affected by an organisation's activities.
The organisation has established feedback mechanisms to ensure it is meeting the needs of key stakeholders.	5	10%	All projects (except for *Crescer com Consicência*) have impact measurement, where participants/stakeholders fill an evaluation form at the beginning and end of the program and have the opportunity to provide feedback.	This could include consultations and evaluations completed by key stakeholders, via group meetings, virtual questionnaires or evaluation forms.
Avg. Weighted Score	**3,4**	**100%**		

	Score	Weight	Comment	Adviser's Notes
3. Customers & Users				
Section Goal:			**To explore the strength of the market, and the organisation's understanding and ability to meet the needs.**	NB: majority of the times who's paying for the services/products is not the user
The organisation knows who its key customers are and has undertaken research to understand what customers want and how much they are willing to pay for products or services.	1	20%	U.Dream researched potential customers for its for-profit goods and services (educational programs, corporate programs and books). However, this research is broad and not implemented in practice. A clear and detailed market research has not been done. Prices were set in line of what few competitors practice and willingness to pay of few customers and are often adapted in different situations.	Customers are those who pay for goods and services. Users are those using and benefiting from the services provided. Market research selects a sample of potential customers who do not yet buy the product or service and assesses what they are willing to pay and how often.
FThere is sufficient demand for the goods and services to make an economic case to stay in the market.	1	30%	U.Dream is currently financing 70% of its costs through social funds. For such a reason, it is practicing cheaper prices. The organisation has not undertaken an analysis to understand the viability of its products or services, i.e. products and services may be viable but documentation, analysis and procedures lack.	There are enough customers interested and willing to buy the services and goods.
The organisation understands the needs of its service users / beneficiaries and has developed its activities to meet those needs.	4	20%	U.Dream identifies a need for social leadership skills development in overall communities. It further tailors its products and services to the direct beneficiaries it aims to target. However, a target customer assessment would be beneficial to improve product and service offerings.	

Feedback from customers and service users is collected on a systematic basis and taken into consideration to improve the services and products supplied.	3	15%	Feedback from programs and projects is always collected. However, it is more focused on assessing impact. Nevertheless, when applicable it is taken into consideration for improvements. *Crescer com Consicência* currently do not have feedback mechanisms.	Ideally the organisation should be collecting a mixture of qualitative and quantitative data (eg are they satisfied with the services and products; are the prices relevant; how many people are utilising the services?) An organisation may be undertaking evaluations, surveys or questionnaires, so explore how and when these are undertaken and how they analyse the information they are collecting.
Customer and user satisfaction levels are good, and the organisation has a high success rate of repeat customer use.	1	15%	Repeat customer use does not apply to U.Purpose right now, as the goal is for the organisation to be involved within the time period of programs but afterwards continue developing by itself. Furthermore, as the organisation recently restructured and changed its core focus, the educational programs only began being commercialized now (first round, no repeat customer use yet), as well as U.Purpose. The organisation does not measure repeat customer use/buy for books.	In the case of socially focused businesses an organisation providing services for people with mental illness could measure satisfaction where a PCT continues to commission their services.
Avg. Weighted Score	**1,9**	**100%**		

	Score	Weight	Comment	Adviser's Notes
4. Social/Environmental Value				
Section Goal:			**To explore the wider positive social impact the organisation is contributing to, methods of measuring its outcomes and how it is demonstrating its value as an organisation.**	Does the project have a clear value proposition?
The organisation understands the outcomes of its activities and the wider impact it seeks to achieve.	4	20%	Although the organisation understands the outcome of its activities and wider impact it seeks to achieve, it does not have specific impact targets.	Outputs are the direct and tangible result of the activities the organisation undertakes. Outcomes are the benefit or change that results from the organisation's outputs. Impact is the overall difference made by your organisation or project by achieving the outcomes.
The organisation is aware of social impact assessment and the tools available to measure the outcomes and impacts of its activities. It has chosen an appropriate tool to prove its social value.	5	20%	Yes, namely number of beneficiaries, measuring number of hours of volunteering, NPS and frameworks provided by the EU.	There is a raft of tools available for organisations to measure their outcomes and impact. Organisations may be aware of some or all of the following: Social Return on Investment (SROI), SIMPLE, Social Accounting, The Big Picture, Outcomes Star. There are also referral mechanisms that organisations could be made aware of to help them in selecting a tool (e.g. Prove and Improve and OASES).
The organisation has established a process and systems for measuring the outcomes of its activities and has allocated resources to implement them.	5	20%	All projects have impact measurement and established processes and systems to assess activities' outcomes. Time and people are allocated to this task.	If a tool has been chosen and is being used, the organisation should have related systems and processes in place to measure the outcomes of its activities, to ensure effective implementation of the tool. The organisation will also need to have allocated resources (time, people and money) to implement the tool and measure their outcomes.

Measuring the outcomes of the organisation is embedded into the operations of the organisation and is endorsed by the Management Team.	5	20%		In order for an organisation to effectively measure its outcomes it needs to ensure that it has set clear targets or indicators, and staff are collecting data in relation to its activities (e.g. collection of data using databases or spreadsheets). The manager and their team need to understand the value and need to collect such data and encourage staff to implement the established systems.
The organisation uses data from outcomes and impact assessment in marketing materials, funding bids, board reports and other organisational documents, to clearly articulate and demonstrate the social value of the organisation.	5	20%		Evidence of data being effectively used will be from annual reports and other communication documents, which demonstrate the change achieved for beneficiaries.
Avg. Weighted Score	**4,8**	**100%**		

	Score	Weight	Comment	Adviser's Notes
5. Operations				
Section Goal:			**To explore how the operations are undertaken, and what data and systems are in place to support the operations, and how the organisation considers risks or threats to its longer-term survival.**	
The organisation plans its activities and resources to achieve operational efficiency.	3	20%	The organisation has a workload that is too high when compared to the current number of employees. Activity planning and resource allocation is therefore not always structured and operational efficiency is compromised.	Operational efficiency refers to the right combination of people, process and technology coming together to enhance the productivity and value of any business operation, while driving down the cost of routine operations to a desired level and avoiding duplication. This requires day-to-day management of operations.
Project and contract delivery are monitored to ensure resources are correctly allocated and spent and deliverables are achieved.	5	20%	Yes, to the extent that social funds have specific requirements and audit project and contract delivery and resource allocation.	Is it possible to reduce the cost of the operation? How? What are the KSF that guaranty the quality of the operation? Possible bottlenecks?
Useful data is collected by the organisation and managed according to appropriate requirements and the Data Protection Act.	3	15%	Not everything is done in accordance to the data protection rules.	Useful data could include output data for funders, beneficiary information, times sheets and financial data. Data collected has to be managed, stored and disseminated in compliance with the data protection act.
Data collected is analysed and shared with the Management Team and the Board, for strategic decision-making, reporting and marketing.	3	15%	When data is collected, it is shared with the management team. It is shared with the board if relevant for decision-making.	

The organisation has undertaken an analysis of risks and has put in place strategies to deal with those which could have a significant negative effect on the organisation.	1	15%	No risk analysis is performed.	A risk is the threat that an event will adversely affect an organisation's ability to achieve its objectives. You want to find out if the organisation has considered risks related to its finances, staff, assets, reputation and operations. Have they factored in contingency plans in their business plan? For example: what will happen if customer invoices are not paid on time; what if grant funding is cut or reduced; what if key staff leave or have to be made redundant; do they have insurance or liability cover in place?
The organisation has quality assurance procedures in place that help the organisation to improve its operational effectiveness.	1	15%	No quality assurance procedures are in place.	These could be internal processes such as clearly documented processes and peer review or externally accredited processes which are methods for ensuring that the organisation is delivering good quality products and services. Externally accredited quality standards could include PQASSO and ISO, but these are not essential and are dependent on which sector the organisation is in.
Avg. Weighted Score	**2,8**	**100%**		

	Score	Weight	Comment	Adviser's Notes
6. Systems, Data & Processes				
Section Goal:			**To explore the systems and processes in place to support and enhance the organisation's operations and allow efficient and effective working.**	
The organisation has Information Communication Technology (ICT) systems in place that meet their needs, are reliable and fit for purpose.	4	20%	The organisation is working with Kaizen Institute to improve internal processes. It is currently implementing an analytical accounting system. Improvements can be made specially regarding managing financial data (e.g. the organisation does not know how much revenues were generated nor how much costs have been incurred per product or business unit. There is also a lack of analysis).	
There is suitable and easily accessible ICT support in place (in-house or externally) to manage the system.	2	15%	No specific procedure for accessing ICT support. A professional is hired externally in case of need.	
All users of ICT in the organisation are trained and able to use the equipment and software in line with their role and responsibilities.	5	20%		
An IT back-up procedure is undertaken on a regular basis and contingency plans are in place, should the system fail.	1	15%	Back-up procedures are done on drobox for long-term information. There aren't necessarily back-up procedures covering all of the information. There isn't a contingency plan.	

The organisation has administrative procedures and filing systems (paper or on-line) in place, and proportionate staff time is designated to undertake this work	3	15%	Not everything is done in accordance to the data protection rules.	Data collected has to be managed, stored and disseminated in compliance with the Data Protection Act.
All staff understand what is required of them in terms of systems, processes and data management.	2	15%	Not necessarily. No communication of procedures.	
Avg. Weighted Score	**3**	**100%**		

	Score	Weight	Comment	Adviser's Notes
7. Finances				
Section Goal:			**To explore the financial management procedures in place, the organisations attitude to managing risk, and their overall financial stability.**	
The organisation has a designated person responsible for strategic and operational financial matters. This person is supported by the Chief Executive and the Board (or committee of the Board) to effectively manage the finances of the organisation.	3	15%	The executive director is also responsible for strategic financial matters (not the core focus). Operational financial matters are mostly handled by an external consultant providing services on a weekly basis. Execution is handled by a certified accountant when needed. There is a gap between strategy and operations. The organisation should have a finance department (i.e. employees fully focused on financial matters).	In some cases, this could be a board member (treasurer), but it is important that there is a designated person.
The organisation has written financial policies and procedures, approved by the Board, which relevant staff is aware of and action as necessary. The organisation has policies including a reserves policy, an accounting policy and a risk register, in order to ensure the effective financial management of the organisation	1	10%	No written financial policies or procedures.	Reserves are funds (i.e. surpluses/profits) that become available to the organisation and are to be spent at the discretion of the directors in furtherance of any of the organisation's objectives, but which are not yet spent, committed or designated – they are 'free'. A Reserves Policy is a specific policy implemented by an organisation with the objective of accumulating reserves.

Financial information is produced regularly and includes: income and expenditure accounts with actual compared to budget; balance sheet; cash-flow forecasts; and reports on significant financial risks.	3	15%	No financial risks report is done.	An Accounting Policy refers to the specific accounting principles adopted and consistently followed by an organisation in the preparation of its financial statements. These principles will have been determined by the organisation to be the most appropriate for presenting fairly its financial results and operations. A Risk Register is a tool commonly used in project planning and organisational risk assessments. It is often referred to as a Risk Log. This tool is widely used within Risk Management for identifying, analysing and managing risks. In this context a risk is the threat that an event will adversely affect an organisation's ability to achieve its objectives. The register contains the information on the identified and collected risks that the organisation faces.
Financial management information is presented in a consistent format, is accessible and easy to understand; it is also based on robust data management systems and data quality is assured.	3	10%	The formatting of financial information is consistent. The last annual report is published on the organisation's website. However, there is a lack of notes and explanations making it hard or impossible to understand key line items (such as revenues/revenue sources). The organisation outsources the production of financial information to a certified accountant, but mismatches have been found while analysing this data (e.g. FY2018 Balance Sheet). Quality is not ensured. An analytical accounting system is currently being implemented.	

Break even points for the organisation's products and services are understood.	1	10%	This analysis is not performed.	The break-even point is the point at which cost, or expenses and revenue are equal: there is no net loss or gain. The break-even point is one of the simplest yet least used analytical tools in management. It helps to provide a dynamic view of the relationships between sales, costs and profits.
The organisation is managed pro-actively to ensure its financial sustainability (profitability, liquidity and solvency).	1	15%	The organisation is profitable and healthy from a liquidity and solvency perspective. However current values are inflated by public funding (large cash inflows, big share of total revenues). These analysis are not performed by the organisation.	Profitability: Measure that indicates how well a firm is performing in terms of its ability to generate profits, (i.e. sales and revenue are larger than costs and expenses. Liquidity: is the ability of an asset to be changed into money easily (e.g. a cheque is more liquid than an investment in property. Solvency: ability to pay all outstanding debts; having enough money to pay all the money that is owed to other people or organisations.
The organisation understands and meets all its legal and statutory financial requirements, including those of Companies House, Charity Commission, Inland Revenue, funders and regulatory authorities.	5	15%	The organisation has legal support from VdA. It understands and meets legal and statutory financial requirements.	

The Board receives regular reports on the financial management of the organisation, including on significant financial risks and how these are being managed.	3	10%	The Board is aware of the financial management of the organisation, but a financial risk assessment is not done.	
Avg. Weighted Score	**2,6**	**100%**		**Financial risk of the income sources should be evaluated**

	Score	Weight	Comment	Adviser's Notes
8. Income Generation				
Section Goal:			**To explore the diversity of revenue sources the organisation has and is pursuing to ensure a stable income base for future sustainability.**	
The organisation has diverse sources of income and there is no single customer which constitutes more than 20% of its turnover.	1	15%	The organisation is currently highly dependent on few income sources (more than 50% of Total Revenues are Operating subsidies and donations).	This refers to the concentration and diversity of the customer base and number of contracts that the organisation has.
The organisation has business development plans in place to minimize dependency on grants and move towards self-sustainability.	3	20%	Although the goal of having started to commercialize U.Academy, U.Purpose and *Crescer com Consciência* was to make to organisation financially sustainable (less dependent on public funding and donations), business plans to reach this goal are not clear, detailed and an implementation plan lacks over the long run. The organisation recently worked with Maze (consultancy) to assess financial sustainability and develop a strategy to be financially sustainable until 2023.	
The organisation is aware of how to identify funding and tender opportunities using a wide variety of sources (including networks, internet portals and publications), and how to prioritize them.	4	20%	The organisation is aware of how to identify funding/tender opportunities through a variety of sources but currently does not have a procedure on how to prioritise (it is trying to get all opportunities).	Funding bids refer to grants and tenders refer to private or other public sector contracts.

The organisation has in-house capacity to prepare or outsource funding bids and tenders.	5	10%		
The organisation focuses on winnable opportunities and has a high success rate for contracts or business won.	4	15%	The organisation targets all funds that it is aware of and are applicable. It is being successful in winning contracts thus far.	The success rate is relative to the number of bids the organisation is submitting and they are smart in pursuing opportunities where they have a high chance of winning. This could be based on the geography, scale and scope of the opportunities.
In preparing bids, the organisation secures as a minimum full cost recovery in all product and contract pricing.	4	20%	The organisation analysis all bills prepared	
Avg. Weighted Score	**3,45**	**100%**		

	Score	Weight	Comment	Adviser's Notes
9. Marketing & Communications				
Section Goal:			**To explore how the organisation markets its products and services and communicates its value and activities to a wider audience.**	
The organisation has a marketing plan in place to promote its services and products.	3	20%	The organisation is currently developing a marketing plan. There is, currently, a communication plan. There haven't been marketing campaigns for the most recently launched products.	The marketing plan may sit within the overall business plan or may be a separate plan. This should include promotional and sales activities that the organisation is undertaking related to its products and services.
The organisation has designated resources (staff, time and money) for sales and marketing activities.	4	20%	There is a marketing and communications director and a marketing and communications department with 4 people (including the director).	
Marketing materials clearly articulate the services / products of the organisation and are targeted at potential customer groups.	3	20%	For the products/services to which there are marketing materials, articulating those could be done more clearly. Nevertheless, marketing for the main brand is generally strong.	Marketing materials promote and sell the services and products that are delivered.
The organisation has developed a Unique Selling Point and exploits this to attract customers.	4	10%	The organisation has a unique selling point for its products/services and communicates it when selling them to potential customers. However, it would benefit from communicating it clearly in an uniform manner through a marketing strategy.	The Unique Selling Point is what makes a product or service stand out from the competition. For example, if a social enterprise is providing catering services, which are undertaken by people with disabilities, the USP is the social value which it brings, compared with a traditional catering company. Where an organisation has undertaken assessment of its social values and outcomes, this should help them in

				articulating their value and USP. No relation with strategy or value creation proposition: benchmarking, blue ocean, etc.
The organisation has a mechanism to measure the effectiveness of its marketing activity.	2	15%	The organisation only relies on statistics such as those provided on Facebook ads. No mechanism to measure the effectiveness of overall marketing activities.	For example, does the organisation ask new customers where and how they heard about the organisation and its products and services?
The organisation has a communication plan to articulate its value and activities to key stakeholders. Communication materials are sensitive to the needs of and accessible to user groups.	4	15%	Has the organisation did not conduct a market research for its most recently launched products, the communication plan can improve to reach potential user groups and better target their needs.	Communication materials aim to tell the story, successes and aims of the organisation and they are shared with key stakeholders (for example users, trustees, local authorities, funders).
Avg. Weighted Score	**3,3**	**100%**		

	Score	Weight	Comment	Adviser's Notes
10. HR & Organisational Development				
Section Goal:			**To explore the systems and procedures in place to support staff and volunteers, and which contribute to building an environment conducive to good staff performance.**	
All staff members have an employment contract and relevant job description.	5	20%		Employment contracts only apply to paid staff, but it is recommended that organisations have job descriptions and role specifications for volunteers. Organisations have to ensure volunteer documents do not set out "rights" or "obligations".
The organisation has a staff handbook which covers all HR and organisational policies which staff is to be aware of and is responsible for adhering to.	1	10%		The handbook should also include volunteers.
A staff appraisal system is in place and all staff have a development plan. The organisation actively supports the training of staff in relation to their development plans.	4	20%	The organisation actively supports staff development and training.	You want to explore with the organisation how they assess staff performance and identify gaps in staff capacity and skill sets and provide appropriate training.
Good staff performance is recognized and rewarded.	3	10%	The organisation rewards good performance and increased experience. However, this is not formally specified.	You will want to explore with the organisation how performance is rewarded. Reward may be financial or non-financial. Evidence they may be able to cite could include bonuses, share dividends, staff surveys, staff away or fun days, training etc.

|				
The organisation has health and safety, diversity and equal opportunity policies which are reviewed at least once a year to ensure they are in line with new legislation and monitored to ensure that the organisation operates in compliance with its policies.	1	15%	Nothing formally specified.	These policies are not mandatory for all organisations but is considered good practice for an organisation to have them in place, to ensure the organisation is compliant with the relevant legislation and that it can demonstrate that these issues have been considered, in the event of an employment tribunal.
The organisation has clear communications, grievance and staff (including volunteer) complaints procedures in place and any staff issues are dealt with in accordance to the policies.	3	15%	The organisation recently established a procedure to handle staff complaints has it happened for the first time (earlier no policy or procedure existed).	
The organisation undertakes a regular review of its business plan to identify and fill any gaps in its resources, knowledge or skills which could prevent it from effectively delivering its service	4	10%	The number of employees is associated with requirements for co-financed projects. As the organisation undertakes new projects, it hires the appropriate number of human resources to be able to deliver them. However, generally, the organisation would improve by assessing the gap in resources to undertake its regular operations, especially as it restructures business units and shifts/broadens its focus (e.g. executive director currently manages 5 departments; excessive workload may harm performance on his traditional functions).	
Avg. Weighted Score	**3,2**	**100%**		

Appendix 4 : U.Dream's Financial Statements – Balance Sheet

	2016	2017	2018	2019	2020	2021
Assets						
Non-current Assets						
Property, plant and equiment	2245,95	2245,95	2245,95	2856,84	1904,55	4515,41
Financial Assets (Investments)	-	-	318,89	1410,61	1912,84	2590,11
Total	**2245,95**	**2245,95**	**2564,84**	**4267,45**	**3817,39**	**7105,52**
Current Assets						
Inventory						
Accounts Receivable	3000	-	21740	44844,65	13361,1	8823,75
State and other public entities	1681,72	-	-	-	-	-
Deferrals	59,58	650,61	-	205,12	200,91	2743,17
Other current assets	4231,12	48230,84	-	68,02	45370,52	67615,46
Cash and cash equivalents	14148,02	27066,47	82210,74	84698,8	112718,7	116877,44
Total	**23120,44**	**75947,92**	**103950,74**	**129816,59**	**171651,23**	**196059,82**
Total Assets	**25366,39**	**78193,87**	**106515,58**	**134084,04**	**175468,62**	**203165,34**
Equity						
Retained earnings	16296,73	44387,76	67393,74	107275,54	154668,54	178363,18
Total Equity	**16296,73**	**44387,76**	**67393,74**	**107275,54**	**154668,54**	**178363,18**
Liabilities						
Non current liabiliities						
Other accounts payable	1828,89	-	-	-	-	-
Total	**1828,89**	**0**	**0**	**0**	**0**	**0**
Current liabilities						
Accounts payable	-	-	-	359,88	1044,88	5846,92
State and other public entities	169,53	2526,39	2323,47	451,09	6853,69	6654,12
Interest bearing loans and borrowings		895,18	33988,37	25602,32	1331,22	33,61
Other current liabilities	7071,24	30384,54	2810	395,21	11570,29	12267,51
Total	**7240,77**	**33806,11**	**39121,84**	**26808,5**	**20800,08**	**24802,16**
Total Liabilities	**9069,66**	**33806,11**	**39121,84**	**26808,5**	**20800,08**	**24802,16**
Total Equity and Liabilities	**25366,39**	**78193,87**	**106515,58**	**134084,04**	**175468,62**	**203165,34**

Appendix 5: U.Dream's Financial Statements – Income Statement

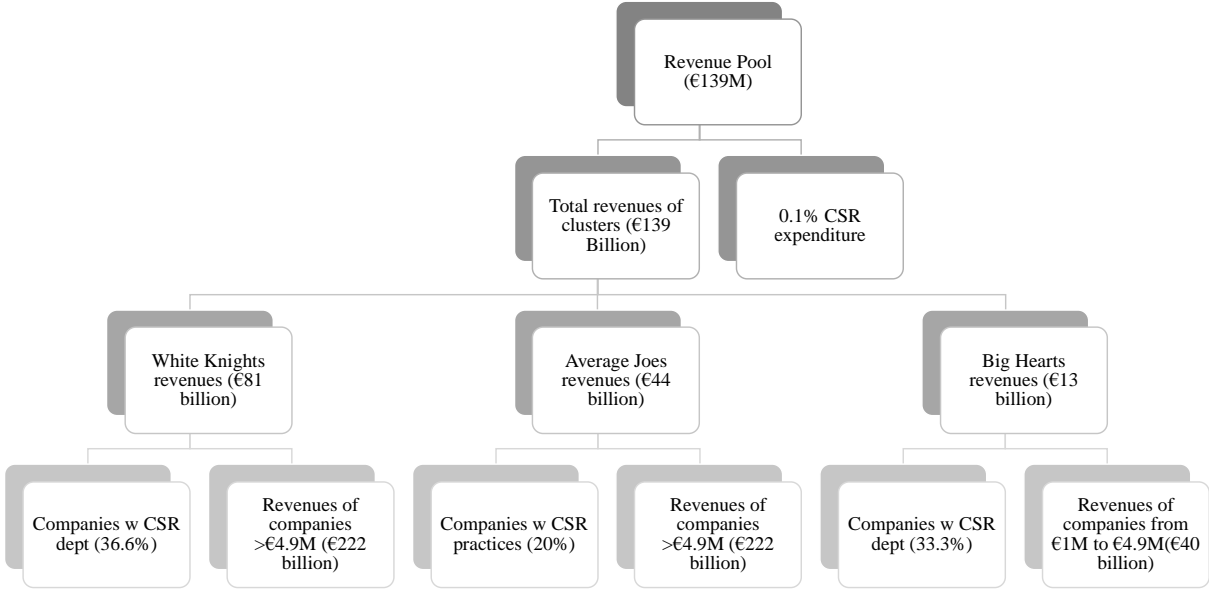|	2016	2017	2018	2019	2020	2021
Revenues	51091,89	116464,54	182155,65	140275,73	98612,67	146539
Operating subsidies and donations	7086,59	80415,34	74788,86	171672,01	172152,38	233099
Total Revenues/Subsidies and donations	**58178,48**	**196879,88**	**256944,51**	**311947,74**	**270765,05**	**379638**
Change in inventories	-	-	-	-	-	-
COGS	-	-	-	-	-	-
Operating expenses	-35148,7	-64468,06	-103780,3	-113596,92	-57183,63	-125296
Personnel expenses	-5247,05	-103247,4	-127996,9	-149130,61	-160047,16	-215420
Other operating income	-	-	-	65,92	763,19	596
Other operating expenses	-1486	-287,01	-1641,19	-4476,18	-3884,12	-13856
EBITDA	74475,21	28877,41	23526,12	44809,95	50413,33	25662
Depreciation/Amortization				-3198,24	-952,29	-1325
EBIT	74475,21	28877,41	23526,12	41611,71	49461,04	24337
Finance income	-	-	-	-	0,15	2
Finance expense	-	-786,38	-520,14	-1729,91	-1650,48	-1
EBT	74475,21	28091,03	23005,98	39881,8	47810,71	24338
Income tax expense (not corporate tax; steams from non-tax exempt services hired)	-	-	-	-	-417,71	-643
% tax					0,9%	2,6%
Net income	**74475,21**	**28091,03**	**23005,98**	**39881,8**	**47393**	**23695**

Appendix 6: Liquidity Analysis
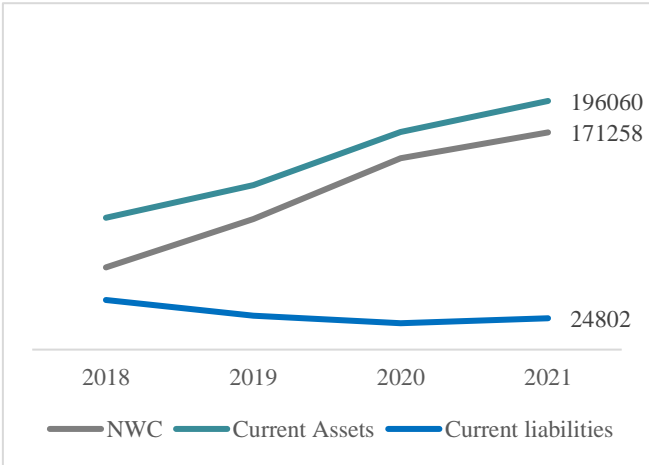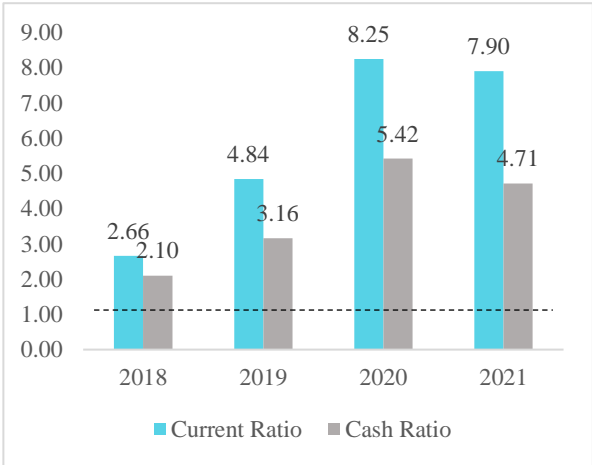
Appendix 7: Capital Structure Analysis
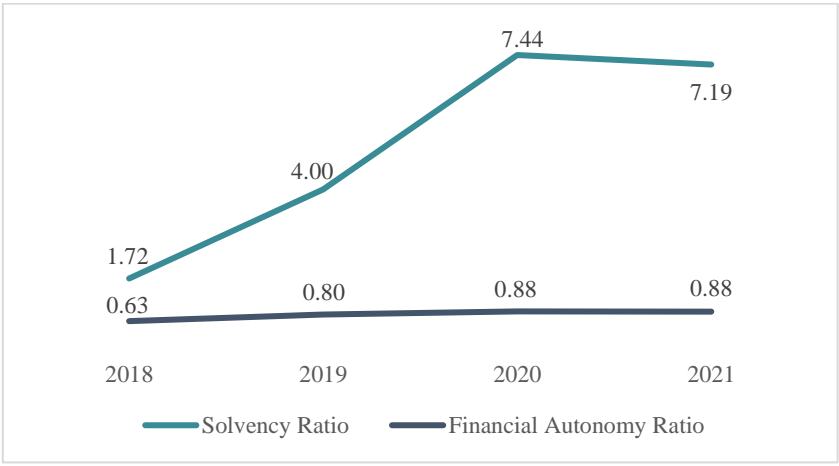
Appendix 8: Market sizing tree for U.Purpose

Appendix 9: Competition Matrix (CSR Portuguese Market)

	UD	GRACE	Stravillia	SAIR DA CASCA	IMPACTEAM
Participation in events	✕	✓	✓	✓	✓
SDG implementation	✕	✓	✓	✓	✓
Team building/volunteering	✓	✓	✕	✕	✓
Event planning	✓	✕	✕	✕	✓
Consulting	Limited	✕	Comprehensive	Comprehensive	Comprehensive
Focus	Society	Sustainability	Sustainability	Society	Environment, Society
Collaborative effort	✕	✓	✓	✓	✕