
Social and Sustainable

Case Study
based on a Portuguese
non-profit organization

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Abstract

Social entrepreneurs encounter a myriad of challenges in maintaining long-term financial sustainability, and these challenges are exacerbated for social entrepreneurs operating in times of economic distress. The following case study on the Lisbon-based nonprofit Buena Vista analyses the sustainability crisis social entrepreneurs are faced with. The objective of this case study is to give students a better understanding of how the social entrepreneurial process differs from the traditional commercial entrepreneurial one. It also highlights how social-purpose organizations operate, grow and what difficulties they might encounter. In the course of the paper, **three main drivers for the lack of financial sustainability** in Buena Vista are presented, namely **an unclear mission statement**, **a short-term horizon of the sponsorship** and **a lack of formalization** with respect to the internal processes. The case study aims to review these three drivers and their resolution for the successful implementation of a sustainable long term strategy. Ultimately, the study poses the question of the organizational form and strategy Buena Vista should adopt to ensure its long term survival. One way to go for Buena Vista is to continue to operate as a non-profit whilst its second option is to start to operate entirely as a commercial entity.

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Introduction

Today leaders of non-profit organizations are challenged by an array of urgent and pressing market dynamics. Technological change is pacing at an exponential rate and it requires smarter and faster decisions than ever before.

Social entrepreneurs sail in stormy waters where varying conditions mean a new route must be plotted every day. This constant state of emergency might be feasible to manage in the first years of the organization's existence, the so-called "startup phase". However, as the organization grows out of this initial phase, characterized by a fresh, bold and risk-taking mindset, the lack of long-term financial sustainability starts to be a serious issue. Eventually, the need for internal focus, clear long term objectives and financial viability becomes evident.

The following teaching case study aims to analyze the long term strategy of the nonprofit Buena Vista located in Lisbon, Portugal. Buena Vista is formally established as an association in 2010 with the **mission of promoting innovation and entrepreneurship**. In 2014 the non-profit faces the challenge of achieving long term sustainability.

A series of 10 interviews with Buena Vista's team were conducted for the purpose of this case study. A careful analysis of these verbal accounts identifies the **three main drivers of the lack of financial sustainability**, namely- **a broad and unclear mission statement, a short-term horizon for the sponsorship, and lack of formalization** on both a strategic and operational level.

The case study has been designed specially for a course in entrepreneurship, to introduce social entrepreneurship, compared to traditional commercial or business entrepreneurship.

The study is organized in three main chapters.

Chapter 1 / **Case Study**/ introduces the case study and the main units of analysis. It contains a detailed description of the organization, its activity and structure and will then

proceed to discuss the signals and drivers of the lack of financial and operational sustainability.

Chapter 2 /**Literature Review**/ introduces relevant literature that is helpful for the analysis of the drivers and the challenges to sustainability in social-purpose organizations. It also presents the PCDO framework with the aim of comparing the building blocks of sustainability across commercial and social enterprises. A review of the relevant academic works is crucial for the presentation and evaluation of the two strategic scenarios for Buena Vista, namely to remain non-profit or to shift to a for-profit status.

Finally, Chapter 3/**Teaching Note**/ includes a teaching note that is exclusively intended for the case instructor. It suggests questions and answers to conduct class discussion, and it presents a case study synthesis.

At the end of this case study, students should have developed a good knowledge on social entrepreneurship. Especially, they should come to the conclusion that the success of social entrepreneurs depends on the same fundamental elements as commercial entrepreneurs: opportunity identification, context, people and adequate resources. Like commercial enterprises, social-purpose organizations need a clear definition of their business, strategic planning to ensure successful sustainable growth. In the social entrepreneurial process, however, these elements are put together to sustain a social value proposition.

As a synthesis, the main issue addressed in this case is the following: “How can social entrepreneurs achieve long term financial sustainability?” This issue is analyzed through several sub-questions. Additionally, students will have to figure out if Buena Vista can continue to operate as a nonprofit or it should switch to a for-profit status in order to achieve long term sustainability.

I. Case Study

Buena Vista is a Portuguese association located in Lisbon, found in 2010 with the **mission to promote entrepreneurship and innovation.**

Buena Vista is considered the biggest startup and entrepreneurship promoter in Europe by the European Enterprise Promotion Awards in June 2014. The organization is currently known for Lisbon Challenge, a 3-month acceleration program for tech startups looking to go global, find investment and achieve product-market fit; as well as for Beta-innovation, the corporate branch of Buena Vista which provides innovation consultancy to external clients, as well as tailored acceleration programs for specific initiatives.

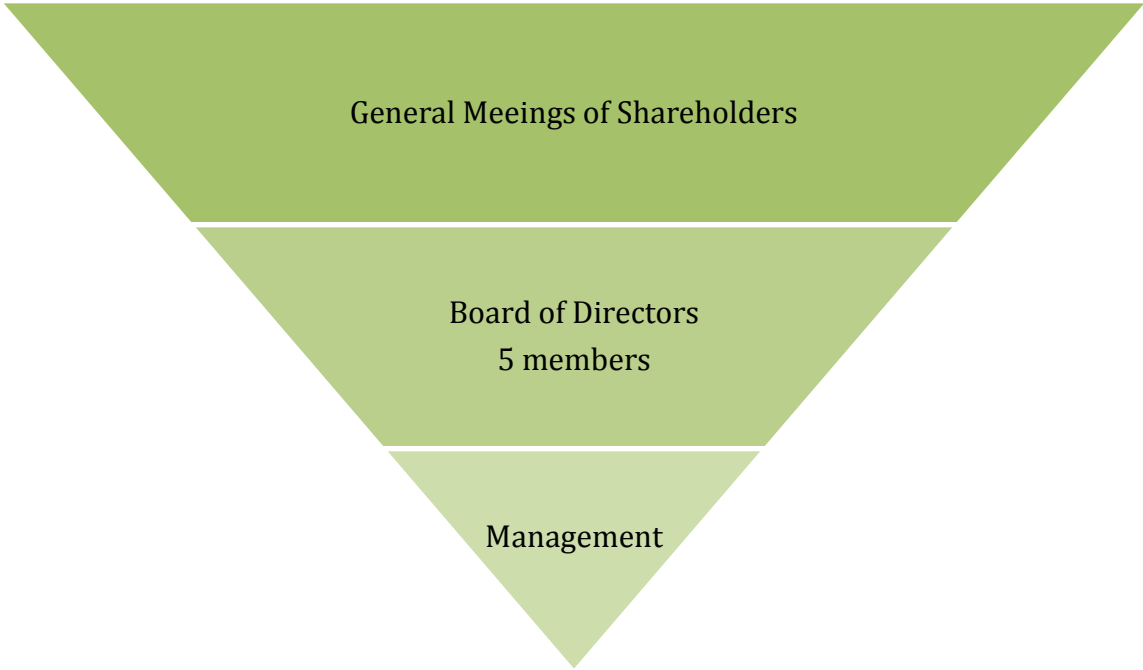
1.1. Organizational Profile and Governance

Table 1: Organizational Profile

Industry	Nonprofit Organization Management
Company size	19 employees
Found	2010
Type	Nonprofit
Legal Form	Association
Products	Incubation, Co-working, Labs, Networking, Consulting, Training
Primary Activities	Inspirational and networking events, Acceleration Programs, Workshops, Consulting Services, European Projects
Main Projects	Lisbon Challenge Beta-Innovation
HQs Location	Lisbon, Portugal
Awards Received	Biggest European Startup & Entrepreneurship Promoter (European Enterprise Promotion Awards)
Governance Structure	Board of Directors, General Assembly, Operational Management

As an association Buena Vista is exempt from VAT (value-added tax) but pays all other taxes. The main bodies of the organization are the General Assembly, the Fiscal Council, and the Statutory Board with five board members. The General Assembly is the highest body within the organization.

Figure 1: Governance in Buena Vista



For further reference regarding the list of projects, team description and feedback mechanisms please review the Appendix Section, specifically to Tables A, B, and C.

1.2. Stakeholders

The stakeholder groups involved in the organization include sponsors, investors, mentors, startups, employees, volunteers, board of directors, general assembly (shareholders), corporate clients, competitors, external collaborators and partners.

Table 2: Stakeholders

Stakeholder’s Group	Description
Investors	Investors that support the startups involved in the

	acceleration program Lisbon Challenge.
Startups	Participants in the acceleration program Lisbon Challenge.
Board of Directors	The 5 founding members of Buena Vista- Sofia, Amadito, Ry, Pio and Compay.
Volunteers	Short-term collaborators that support the organization without a monetary compensation
Employees	Interns, Permanent staff members, Part-time collaborators
External Collaborators	Ambassadors of Lisbon Challenge, Event Curators
Corporate Clients	Clients of the consulting body of Buena Vista, Beta-Innovation.
General Assembly	Shareholders /around 50 members/

1.3. The Evolution of Buena Vista

Currently, Buena Vista employs 19 people from various professional fields, gathered around the need for civic intervention and a passion for entrepreneurship.

Ten of those employees are interviewed for the purpose of the case study. A careful analysis of the excerpts from the verbal accounts of those ten individuals identifies **three main drivers for the lack of financial sustainability**, namely **a lack of clear mission, a short-term financial horizon, and a lack of formalization with respect to internal processes**.

In the course of this case study the relevant drivers are reviewed in depth and ultimately **two scenarios** are discussed. The first scenario is for Buena Vista to continue to operate as a **non-profit**, whereas the second scenario is for the organization to go **for-profit**. Which of the two is a better fit depends on how they resolve the sustainability crisis and more specifically on how each of the proposed scenarios addresses the three main drivers for the lack of financial sustainability.

As an association Buena Vista outlines **three main areas of strategic focus**, namely- the creation and promotion of a culture of network and entrepreneurship and

innovation, the acceleration of start-ups with global ambition and the creation of spaces, services and products that are entrepreneur-centered.

Within those focus areas the organization initially supported **two main activities- big inspirational events** that push individuals to discover and dive deep into the entrepreneurial ecosystem and **acceleration programs** that support and give training for startup companies to grow and internationalize.

The big inspirational events were mainly of an informative character and were crafted to raise awareness about the potential benefits associated with innovation and entrepreneurship. The acceleration programs, on the other hand, were smaller events that take place more frequently.

The combination of **short-term small events** (the acceleration programs) and **long-term big events** was initially built to sustain the mission of promoting entrepreneurship and innovation. The model was pretty basic and already in use for a long time in leading developed economies such as the US. Nevertheless, Buena Vista was a first mover for the Portuguese market, which meant that, at least initially, there was no need for the organization to specialize or to build unique internal competencies and capabilities. The lack of competition resulted in the creation of a generic organization, with a generic mission and a generic strategic orientation. Buena Vista was a spark of human creativity pushed by the desire for a change in the paradigms of the local business ecosystem. It was a momentary impulse, not a structured long term plan.

The broad scope of activity of Buena Vista was not problematic in the initial stage (2010-2012) of the organizational development. The team was quite small in the first two years- it consisted of the five founding members and around five other employees that were occupied with the operational activity of the company. Strategic decision-making and delegating responsibilities were easy to put to practice. As the ecosystem started growing, however, the need to create an internal focus and specialize became evident. Many other incubators, accelerators, co-working spaces, think-tanks with the mission to promote entrepreneurship emerged since 2010 and it was time for the quantity-quality tradeoff.

Buena Vista was born to help entrepreneurs build their businesses, to help them achieve whatever they want to achieve in their projects, whether they were in the idea stage or a little bit further in the startup leather- looking for investors or partners or co-founders, etc. The association was a first mover in many respects. But as the startup ecosystem was gradually awakening in the period 2011-2013, it was time for a more sophisticated value proposition to emerge on the entrepreneurial scene.

Due to the described internal and environmental changes, the management board of Buena Vista was recently (in the beginning of 2014), assembled to set a new, fresh course of action. A decision was taken to **cut out the big events** and **to focus on** crafting **a single successful acceleration program**. The Buena Vista team is now on the hunt for high-tech startups with a solid team and a tested product prototype. They considered ecosystem to be mature enough for a leading acceleration program to emerge on the horizon and turn Lisbon into a city at the forefront of technology and innovation trends.

Co-founder and member of the Board of Directors, Compay, provides relevant feedback for the strategic shift to focusing on a single acceleration program.

“We’ve organized lots of events in the past 4 years. Big inspirational events took place at least once a year and smaller events were launched on a monthly basis. However, at some point there were already a lot of organizations in Portugal that were doing big inspirational events. We decided to focus on acceleration programs but even there we felt a bit lost. We were supporting all the different phases of a startup’s lifecycle- from the pre-seed idea stage to the growth stage. There were already a couple of organizations that were producing good results in the first phases. So we decided that as of 2014 we have to put our stakes where we create most value- at the later stage where startups already have a team and a product and now need to figure out how to grow and internationalize.”

The new course of action set by the board members of Buena Vista is now clear- it is to create a world leading product- an acceleration program recognized globally for its excellence that will attract fresh minds and their high-growth tech companies. The founding members of Buena Vista share **one dream- to be the ones to discover the next Skype or Facebook**. If their dream is to come true, a bulk of financial and human resources

will soon enough be flowing into the Portuguese economy. One success story would surely attract another and this domino effect is what ultimately has the potential to position Lisbon on the world map as one of the main hubs for innovation and entrepreneurship.

1.4. The Sustainability Gap

As a starting point of the case study it is useful to provide **evidence of the lack of financial sustainability** and the perception of the team with respect to this matter. Amadito Valdes, one of the founders of Buena Vista, stated that in fact there is no long term focus of the organization.

“There is no long term strategy defined, I don’t think anyone inside Buena Vista has a vision for the long term focus of the organization, not even the board, not even the president (Pío). Pío has an idea and I think he is trying to outsell his idea of transforming Buena Vista into a venture capital more or less or a venture fund. We would then quit being a startup ecosystem engine and start being more of a venture fund with the objective to make money and invest in good, high quality startups that would eventually pay off for the efforts of organizing something like the LC. But how exactly that would happen is not clear for anyone, including Pío.”

1.5. Mission

One of the key elements that distinguishes social from commercial entities is the central role of the mission statement in social organizations. At Buena Vista the mission statement is so vaguely defined that every single employee has a different interpretation of the mission statement. As one of the board members, Amadito, noted, historically, Buena Vista has never had a mission.

“There was never a single story for everyone. Each person has his own perspective where to go and it has been so since the beginning of this organization. We are moving together but we never agreed on where to go specifically. So that is why we lack coherency. Sometimes we are doing small events, sometimes big conferences. Sometimes we do acceleration programs, sometimes we offer consultancy services, and sometimes we are just

growing like a tree to all branches. But it doesn't seem like this branches are growing to a common direction."

When looking at the excerpts of the conducted the lack of a common understanding of a clear mission statement becomes evident. To make it easier for the readers of this paper, the answers are inserted in Table D of the Appendix.

Buena Vista seems to have been formed as a result of a lucky match between the socio-economic dynamics and the shared vision and enthusiasm of the founding members. The founding members of the association aspired to the idea to be at the forefront of a new economic wave, such that relies on SMBs to enhance the country's productivity. However, from the table with the interview excerpts it becomes evident that almost every individual within the organization gave a different response to what the mission of the entity is.

It is curious that project managers at the operational level gave rather similar responses but there were severe discrepancies when it comes to how the board members perceive the mission of the association. Ry, co-founder and CEO, claims that the mission of the organization is to "find and help fast-growing startups", whereas Compay, another co-founder, states that the mission is to "support the next generation of entrepreneurs ". And those are just two examples of the complete discrepancy in the understanding or rather the misunderstanding of the mission statement illustrated in Table D of the Appendix. That clearly creates a challenge for the strategic dimension of Buena Vista. Without a clear mission, a strategic plan of action is an impossible task. It is like going on a war without knowing exactly on which side of the barricade you should stand. So you keep jumping from one side to the other, hoping that things will eventually make sense.

The lack of a clearly defined mission of the organization is the first main driver for the lack of sustainability. This is a very clear indicator for an internal crisis. Many of the board members are seriously concerned about this flaw in the organization and yet they have failed to institutionalize the issue and face it. It remains floating on an informal level, which prevents any active resolution practices from taking place. Indeed, **the lack of formalization** on both a strategic and operational level **is the second key driver of the crisis of financial sustainability** in Buena Vista.

1.6. Lack of Formalization

Buena Vista has a number of flaws in the formalization of processes- lack of clear mechanisms for accountability and KPIs, lack of clear role and task assignment, lack of formalization of the organizational culture, lack of formalization with respect to managing human resources, lack of formalization of leadership, lack of historical data, lack of clear project management tracking mechanisms, lack of formalization of the internal flow of information and the communication within and between teams/individuals.

Aside from the environmental drivers and the development of the startup ecosystem, there also have been important internal drivers for this strategic shift from broad operations to focusing on building one globally competitive product- the acceleration program. One of those drivers was the lack of coherence and structure with respect to guiding the pool of resources internally. There is no coordination across projects and project leaders for harvesting funds. Amadito describes this phenomenon with a very interesting analogy.

“Buena Vista feels like a communist cooperative. Communist cooperatives or socialistic cooperatives are basically centers of resources. So you have several farmers, each farmer has his own farm but they need to share resources because it is cheaper to do so. Buena Vista feels exactly like a sharing resource center. You go there, you take some resources and you use them for your own pet project. Then, someone else comes into Buena Vista and says “hey, I’ve got my own pet project”. Doesn’t matter what it is. From its inception Buena Vista has been a resource center and not a real company, not an organization with a very well defined clear mission.”

Another issue is the lack of clear accountability measures and KPIs, the focus on the startup accelerator is actually an attempt by the organization to resolve this issue as Amadito sees it.

“At Buena Vista we have been occupied with two kinds of activities- events and accelerators. Big startup events have arguable, difficult, hard to measure KPIs. How can you

evaluate and KPI networking benefits? Those are extremely hard to measure. Then, there are other KPIs that are easier to measure like number of participants and financial returns? The KPIs of an accelerator, on the other hand, are much more tangible from a financial perspective. You can go and outsell the accelerator easily- We have 3 startups in Y-combinator, we have 7 startups that have been invested by Seedcamp, we have a startup that raised 50,000 euros on average. These are the numbers that people look at and from them it seems that a startup accelerator has a longer lasting effect on the startup ecosystem with respect to an event.”

Another issue worth attention is the clear assignment of tasks and responsibilities, which also results in the lack of clear leadership. Leadership capacity is crucial in the context of a non-profit. At Buena Vista leadership is arguable and not clearly identified. Individuals compete instead of cooperating and pool resources in different directions, which results in inefficiency and ineffectiveness.

“Teamwork is where we fail. Last year we had two projects rolling and there was no cross-project coordination and knowledge exchange. We were actually competing against each other. Now that we share a common goal of creating a top acceleration program, it feels like the resources are finally flowing in one direction. But it still does not seem like quality is the main concern around here. We lack clear KPIs and a long term perspective of where the program is going.”

Even though coordination seems to be a critical point, the board members have at least taken a step in the right direction by trying to formalize the division of tasks. Failing to define workplace roles and responsibilities creates tension, miscommunication and inefficiency within an entity. People become unsure as to what jobs are their own and who they are required to report to. Mistakes and omissions can also occur where people are unsure of what is required of them, therefore creating inefficiencies which cost time and money.

Buena Vista is facing a number of issues in managing the human resources within the organization. One, as already outlined, is the lack of clear division of responsibilities and a resulting weak leadership. Another critical issue is the lack of clearly set criteria with

respect to the talent pool entering the organization. Many people that are hired end up as a cultural mismatch to the internal tacit code of conduct within the entity. This results in inefficient output and poor internal processes. Amadito, elaborates on the problem in depth, ultimately pointing out that in its essence the lack of effective control of human resources is yet another indicator of the leadership crisis.

“Problems emerge from the mere lack of leadership within this organization. I have my own culture, a very goal-oriented culture. And I feel like we have been recruiting people that have a cultural mismatch to my own. If the culture is not aligning and we are daltonic, if I see it red and you see it green, this is a crisis. Another issue is the HR policy. We have been growing the organization in an organic manner and sometimes we have not been able to ask ourselves if we really need this person. And we have never ever fired anyone in Buena Vista. And I cannot believe in an organization that does not fire people. I cannot believe that after 5 years of existence you haven’t fired a single individual. That is a very big issue. If someone is a cultural mismatch, he should be out of the team.

Project Management is another activity that has failed to be formalized and is still a work in progress. This is a big flaw on the side of the leadership because project management is all about planning, organizing, motivating, and controlling resources, procedures and protocols to achieve specific goals in scientific or daily problems. Formalizing the operational elements of project management practices could be a great push to improving the overall formalization of the internal dynamics.

Buena Vista has established some internal scheme of operational and strategic meetings but it has failed to codify the accumulated knowledge properly. On an operational level the organization has scrums/operational meetings, project meetings, and tactical meetings (specific tasks with people relevant to an issue). On a strategic/organizational level there are sync ¹meetings every week on Monday (where lessons learned and priorities are discussed), a weekly brown bag lunch (an informal way to learn and share knowledge and define common objectives, to organize brainstorm sessions, and to explain

¹ sync meeting or synchronization meeting is a reunion where employees exchange know how and track the progress of internal projects

the details of a project), and a monthly board meeting where strategic decisions are taken with respect to HR, finances and strategic goals. Pío briefly gives reasoning behind the variety of strategic and operational meetings.

Even though there are so many different means of communication and networks of flow of information, they turn out to be inefficient for several reasons. One is that there is not one internal software for project management in use. The organization has been systematically employing a myriad of different tools, which are simultaneously put to practice by the employees. The internal project management tools in use include Google Drive, Basecamp, Excel, and PowerPoint. The organization is now trying to switch completely to Basecamp. Pío outlines another related issue- “The problem is preparing the meeting- having list of questions, priorities, decisions to be taken. There is no clear agenda to the meeting. We write as we decide. We usually keep a database with decisions on Excel.” An unclear agenda means no goals and objectives for the meeting are set, which would most probably result in many tasks being repeatedly dragged along and left unresolved. An effective agenda takes a few minutes to pull together yet is a meeting management tool that can save you endless minutes, hours even, in ineffective meetings. The CFO, Ry, has an interesting perspective on the reasons behind the lack of formalization.

“Before launching Buena Vista in 2010, all founders used to work in pretty big companies, so we didn’t have this self-organization management tools so we have been trying since four years now to create some meetings that are really generating ideas and strategy, I guess we are not there yet. We tried different systems, with agenda, without an agenda but we are not there yet. Even operationally. The meetings don’t work because we have different personalities and we don’t make an effort to adapt to each other. That is a main issue and it is pretty difficult to deal with. We have different egos, a different vision of the future.”

1.7. Short-term sponsorship horizon

So far two main drivers of the lack of sustainability within the organization were outlined, namely the lack of a clear mission statement and the lack of formalization of internal processes. **The third and final driver** that was identified in the organizational analysis **is the reliance on short-term sources of financing**, more specifically on

sponsorship by public and private entities. In 2013, 83% of Buena Vista's financial resources came from sponsorship and it is often a challenge to convince private entities that there is a sufficient return on investment as Amadito underlines.

“Startup accelerators have been typically driven by government money or sponsorships. What is the problem in Portugal? We started and we did a huge financial gambling, which was to go for sponsorship from private companies. Almost all private companies due to the financial crisis and changes in strategy are not willing to commit for a huge amount of money just for the sake of being an official sponsor. They will be reluctant and ask straightaway “Where is my ROI?” They will ask “We showed up in the news but how many Microsoft licenses we sold because of you, how many bottles of Coca Cola we sold because of you, how many beers I sold because of you?” And if they look down at the numbers they will probably find out that the sponsorship efforts accounted for a very small fraction of sales. Yes, our startup accelerator appears in the news, yes we have a good PR, good exposure, but that is not enough. It takes a very special kind of company to sustain what we are doing.”

The issue is not simply that sponsorship results in short-sighted strategic vision. The underlying problem behind this is that there is no sustainable model for acceleration programs. And an acceleration program is paradoxically currently the major activity that Buena Vista is occupied with. Amadito completely understand the drama of this strategic focus.

“The harsh reality if you look to the industry of the startup accelerators is that most startup accelerators are not sound business models, they don't work. The typical business model of getting 10% equity from startups and selling it out to someone else is not working out. Not only in Portugal and the rest of Europe, it is not working out in Brazil, it is not working out in the US, with the exception of some very few tier 1 players.”

The president of the organization has a similar perspective on the current financial situation of Buena Vista.

“Accelerators all around the globe are struggling. There is no real business model there. Accelerators exist for three reasons. One- mature investors that understand the value of

accelerators. Two- access to easy money (EU or government funding for example). Three- corporate sponsorship. We initially relied on government money. And by doing so, we were left “starving” for 2 years. Then, we turned to private sponsors, to companies. Now, we are trying to get investors in. We are continuously changing the model; maybe at some point it will actually make more sense to for profit.”

The excerpt from above clearly points out the current pressing strategic dilemma of the organization, which is in fact the main unit of analysis of this teaching case study. Indeed **the primary research question** here is how Buena Vista can achieve financial **sustainability - should it continue to operate as an entity that is driven purely by its social mission or instead it should combine social and commercial incentives**, incorporating business methods and practices within the organization. In the following sections of the case study, a careful analysis will be made with respect to each of the two scenarios.

In an attempt to provide an answer to this question, relevant literature will be reviewed in the course of the next chapter.

II. Literature Review

2.1. Sustainability

The challenge of achieving long term financial sustainability in non-profit organizations does not come as a surprise to any business scholar. So far the problem has been addressed mostly from the point of view of a profit-oriented market where value creation remains bounded by socio-economic stigma. The majority of companies and individuals continue to view value creation narrowly, optimizing short-term financial performance in a bubble while missing the most important customer needs and ignoring the broader influences that determine their long-term success. (Porter and Kramer, 2011)

2.2. The Triple Bottom Line (TBL)

Long term financial sustainability requires a more comprehensive understanding of the impact of an organization's activity. For this purpose, this study introduces the concept of a "triple bottom line" or TBL. TBL was a phrase first coined in 1994 by John Elkington. His argument was that companies should be preparing three different (and quite separate) bottom lines. One is the traditional measure of corporate profit—the "bottom line" of the profit and loss account. The second is the bottom line of a company's "people account"—a measure in some shape or form of how socially responsible an organization has been throughout its operations. The third is the bottom line of the company's "planet" account—a measure of how environmentally responsible it has been.

The triple bottom line (TBL) thus consists of three Ps: profit, people and planet. It incorporates and measures the financial, social and environmental performance of the corporation over a period of time.

2.3. Defining Entrepreneurship

In its essence, Buena Vista is an entrepreneurial organization or such driven by innovators of new ideas and processes. The practice of entrepreneurship is as old as trading between villages and tribes and so numerous definitions have arisen throughout time. Those can be summarized in 3 main streams- the first explores the impacts and

results of entrepreneurship; the second focuses on the entrepreneurs themselves from a psychological and sociological perspective; the third focuses on the entrepreneurial management process or the 'how' of entrepreneurship.

Given our aim to answer 'how' sustainable social entrepreneurship practices are possible, we draw on the literature from the third stream. Two definitions of entrepreneurship dating from 1975 are particularly suitable to grasp the universality of the entrepreneurial practice. The first one by Howard H. Stevenson describes entrepreneurship as the **"the pursuit of opportunity without regard to resources currently controlled"**. The second one by Albert Shapero distinguishes entrepreneurs as **"those who take initiative, accept risk of failure and have an internal locus of control"**. These two interpretations place an emphasis on how opportunity can be recognized, the process of risk-taking and committing to an opportunity, gaining control over the resources, managing the network of resources and the way in which participants are rewarded.

According to Stevenson and Shapero, an entrepreneurial organization focuses on the opportunity and not on resources. Entrepreneurs have to commit quickly but tentatively to be able to adjust their strategy as new information arises. Adapting internally to environmental changes is a great challenge to the sustainable practice of an organization.

Definitions of social entrepreneurship also range from broad to narrow. In the former, social entrepreneurship refers **to an innovative activity with a social objective** in either the for-profit sector, such as in social-purpose commercial ventures or in corporate social entrepreneurship; or in the nonprofit sector, or across sectors such as hybrid structural forms which mix for-profit and nonprofit approaches (Dees,1998). Under the narrow definition, social entrepreneurship typically refers to **the phenomenon of applying business expertise and market-based skills in the nonprofit sector** such as when nonprofit organizations develop innovative approaches to earn income (Reis; Thompson 1999).

This paper will put to use a broader conceptualization of what social entrepreneurship is for the purpose of a comparative analysis between social and commercial

entrepreneurship that will follow shortly. Such a comparison would identify the strong points and disadvantages that commercial and social enterprise have, some of which they surely share in common. Once outlined, these elements will guide us on crafting a solution for the long term sustainability of Buena Vista. To begin, social entrepreneurship will be defined as **“innovative, social value creating activity that can occur across the nonprofit, business or government sectors”** (Stevenson H., 2006).

2.4. The People-Context-Deal-Opportunity Framework

This other model was developed by four Harvard Business School Professors to explain the entrepreneurial process (Sahlman, 1996). As the aim of this paper is to understand this process and to analyze its long term sustainable development the PCDO model will be a useful tool to subsequently analyze and evaluate Buena Vista’s strategy and operations.

The framework stresses four components that coexist in a dynamic fit within an organization. Those are namely: (1) People, (2) Context, (3) Deal, (4) Opportunity (PCDO) (Shalman, 1996).

Even a slight perturbation in any of the four elements from the PCDO framework will have tremendous implications for the flow and output of the organizational processes.

(1) People and Resources

Human and financial capital is essential to an entrepreneurial venture. People’s skills, attitudes, tacit knowledge, contacts, goals and values provide the resource mix that contributes centrally to the success of an organization.

The need for talent and resources is obvious for both commercial and social entities. Despite the correspondence with respect to the need itself, the nature of human and financial resources for social entrepreneurship differs in some key aspects with respect to commercial entrepreneurship mostly because of the challenge to mobilize them effectively.

Commercial entrepreneurs have a wide range of explicit incentives- financial remuneration, bonuses, stock options, equity. Social entrepreneurs are often faced not only with limited access to the best talent, they also have fewer financial support institutions,

instruments, and resources; a scarce restricted and short-termed funding and inherent strategic rigidities. To overcome some of these barriers, non-profits sometimes decide to switch to a for-profit regime. This is done to ensure access to commercial capital markets and a competitive pay to attract talent. However, even the corporate form does not remove all the constraints, as social entrepreneurs are then faced with the challenge of maintain a focus on the social mission, whilst generating a competitive return for investors.

Nonpecuniary motivation represents one of the areas that commercial enterprises can learn from practice in social enterprises. People value work not only as a means of earning income to satisfy their consumption needs but also as a direct source of satisfaction for its socio-psychological effects. Employment is a principal means for people to connect socially and become involved with communal activities, which directly or indirectly brings a sense of self-esteem (how people think about themselves), emotional security, belonging, identity, recognition, reputation, friendship, and status, all of which are ingredients of one's quality of life and satisfaction (Jahoda, 1988). In fact, the phrase "I am what I do" is sometimes used to express the social and psychological importance of work. The state of unemployment is proven to bring a state of unfulfillment not simply for its financial dimension. Frey and Stutzer (2002) calculated the compensation variation for being unemployed rather than holding a job and noted that "a move from the lowest income quartile to the highest income quartile would not be enough to offset the adverse effect of unemployment, suggesting that unemployed people suffer high non-pecuniary costs".

(2) The Context

The context is the only external variable outside the control of the management, the board and the employees of an organization. The philanthropic market is highly reliant on the socio-economic context as much of philanthropic activity relies on commercial and public capital. Additionally, government policies and regulations, which reflect economic cycles, also affect the ability of social enterprises to function. Laws that regulate the tax exempt status, sponsorships and prescribe organizational forms shape the internal strategic dimension of a socially engaged entity. There are surely also other environmental factors to be taken into consideration, aside from governments and capital markets. Those

are access to international and regional funds, socio-cultural and historical background, natural resources, geographic location, geo-political relations, etc.

Although the critical contextual factors such as economic indicators and legal framework are analogous in many ways, the impact on the social entrepreneur differs from that of a commercial one in four main respects. First of all, an adverse context, economic downturn, intensifies social needs and many new social entities can be created to address those needs. In this sense, harsh times on the financial markets can translate into an opportunity for social entrepreneurs. Second of all, the social marketplace does not reward, nor does it punish entrepreneurs as readily as the commercial marketplace for commercial entrepreneurs. Thirdly, collaboration across entities is another factor that clearly distinguishes social from commercial entrepreneurs. Businesses in a particular sector usually compete heavily against each other (even though lately a strong trend of cross-firm collaboration has been observed by researchers). On the other hand, entrepreneurs united by a social mission tend to work closely with similar organizations for the achievement of a shared purpose despite the fact that they might operate in the same sector. And finally, the financial resources of a social entrepreneur depend heavily on the condition and maturity of the economic and financial system. It is not a coincidence that the biggest, in terms of capital, and most successful incubators are located in the US and the UK.

(3) The Deal

“The deal is the substance of the bargain that defines who in a venture gives what, who gets what and when those deliveries and receipts will take place” (Stevenson H., 2006). Each transaction includes the delivery of a bundle of values, embedded in goods, services and other nonmaterial returns. Those values can include economic benefits, financial reward, and social interactions, satisfaction of personal needs and ambitions, delivery of altruistic goals, fulfillment of generative and legacy desires.

A deal is a mutually advantageous transaction and contractual relationship between the entrepreneurial venture and all resource providers. The generally accepted medium and intermediary of the exchange of value is money. The price of a specific product or service is determined by market forces, balancing supply and demand in order to optimize output

with minimal waste. Just determination of prices is an essential condition for justice in exchange, efficient allocation of resources, economic growth welfare and justice. However, when it comes to social entrepreneurship there are many ambiguities associated with performance measurement. The value transactions in social entrepreneurship differ from commercial entrepreneurs in kind, consumers, timing, flexibility and measurability.

In the kind of value, social entrepreneurs try to invent creative strategies to offset the limited financial returns. They rely mostly on non-financial returns in their recruitment, training and motivation of their employees. Such non-momentary incentives include recognition (enhanced decision making, upgraded workspace, award presentation), reward (vouchers, prizes, gift cards), opportunity (chance to contribute on a strategic level, training, promotion, mentorship, chance to lead a team), flexibility (flexible scheduling, telecommuting options, ability to choose among tasks), belonging (strengthening trust, respect, and accountability within a team), fringe benefits (additional allowances, leaves, health insurance plans, and other perks).

The social entrepreneur's transactional relationship with the consumer of the products or service is quite distinct from that of a commercial entrepreneur. Consumers of social enterprises are often incapable to provide a financial compensation for the goods they receive. On the other hand, social entrepreneurs themselves have very little bargaining power because of the lack of resource appropriation and the resulting low economic capability. The market mechanisms, which vote for a best performing product or service, are non-existing for social entrepreneurs. Third party payers such as corporate funds, government grants and sponsorships fill in this economic vacuum.

In timing and flexibility, the deals made between commercial entrepreneurs and their funders and social entrepreneurs and their funders differ markedly. Social entrepreneurs rely heavily on sponsorship, which is based on short term contractual agreements. Grants are usually negotiated upon an annual basis and Buena Vista is no exception to the rule. This creates an ongoing pressure for social entrepreneurs to give priority to funding ahead of other crucial managerial and operational demands. The short-

sighted chase of financial resources can result in the loss of a long term strategic horizon and a diversion from the mission statement.

Investors find it hard to commit to sponsoring social enterprises for longer periods because of the relatively greater complexity of measurability. Instead a commercial entrepreneur can easily discuss concepts such as company valuation and equity distribution with a potential investor. Instead social investors face much more uncertainty due to the fact that there is no single measure such as profit that aligns the interest of all parties. The precise measurement of social impact is difficult to measure because of its dispersion across the ecosystem, its temporal manifestation, and the nature of the social phenomenon itself (as already touched upon one of the theories for the existence of social enterprises is market failure).

A common anchor for the various stakeholders in the social entrepreneurship case is the mission. To set long term strategic, operational and financial goals the board of directors of a social enterprise must share a common understanding of the core purpose of an organization. Using the mission statement as a guideline, the board can then set milestones and identify functional areas, which would consequently require individual managerial actions plans and the definition of short term goals. However, the demands of the multitudes of constituencies of a social enterprise, from the founders to the general assembly and other volunteers, board members, and consumers, can vary widely, and even if there exists a partial consensus, the best means for achieving the goals and objectives maybe diverge. Finding a mid-point to meet all expectations and align goals and incentives is considerably more complex for social entrepreneurs and it usually requires a regular re-adjustment to the environmental forces.

(4) The Opportunity

“The opportunity is defined as any activity requiring the investment of scarce resources in hopes of a future return” (Sahlman, 1996, p.140). Change is motivated by today’s vision of tomorrow’s reality. A shared vision for future opportunities creates a great motivation for joint action to arise. Studies have shown that most organizations lack a common understanding of opportunity and that its interpretation is usually dispatched across a

myriad of internal constituencies. A mission, a vision, a sense of purpose and direction are the main drivers of growth.

Opportunity identification is often the starting point of the lifecycle of any organization and it is perhaps most crucial distinction between commercial and social entrepreneurship. Business entrepreneurs base the existence of their ventures on a perceived need that they want to fulfill. By understanding the unmet needs of the market, companies are able to supply those needs, at a competitive price customers are willing to pay. At the end of the day, commercial entrepreneurship is all about revenue generation and double digit growth. For a commercial entrepreneur an opportunity must have a growing market size and the industry must be structurally attractive.

Social entrepreneurs on the other hand try to identify a social need or weak points and gaps in the marketplace, regardless of how big the cake is and how much they can get out of it. The demand for social entrepreneurial initiatives and products usually surpasses the capacity of the social entrepreneur. Initial success often leads to increased demand and at some point the growth imperative often becomes paramount.

Fast and unbridled growth is not always positive as it has the potential to squander organizational resources and distract companies from a long term sustainable perspective. It can be a drain for the organizational energy and talent, and can undermine the existing track-record of success stories. That is why it should be a controlled process that is continuously managed by the board of directors and the executive body of the organization. It requires a strategic focus and the identification of strategic goals and objectives.

The analysis in place reveals both some important communalities and differences between social and commercial entrepreneurs thanks to the PCDO framework. However, the analysis can be further enhanced by introducing an extra variable- the SVP (social value proposition).

(5) Social Value Proposition

A social entrepreneur's task is to determine at any given moment how to define an appropriate scope of opportunity that will align internally with the available resources and people. Overextending the scope can cause a misalignment that will threaten to erode the core social value proposition, which is a concept analogous to the deal variable (H.Stevenson 2006). The concept of SVP is needed to explain the distinctive role of mission in social enterprises and the multifaceted nature of the social value generated.

Figure 2: Social Entrepreneurship Framework



Figure 3 represents a revised social entrepreneurship framework as a Venn diagram with the opportunity circle at the top, because this is the initiating point for entrepreneurship. The two enabling variables- people and capital are the bottom circles. The three circles intersect, reflecting the overlapping and independent nature of the variables. At the center is the SVP as an integrating variable. Surrounding all three circles are the environmental or contextual forces shaping the other variables and requiring scrutiny and constant review of the system by the entrepreneur.

2.5. Challenges to Sustainability in Social Organizations

(1) Performance evaluation

Business metrics tend to be clear, short-term and quantitative whereas social metrics tend to be ambiguous, qualitative and long-term (Gonin, Besharov, Wendy and Gachet, 2012). Social enterprises leaders grapple with whether they should create social mission metrics that are more similar to business metrics. They also face a risk that business metrics will become dominant, given the tendency for leadership myopia to lead to a focus on metrics that are more short-term, certain, and measurable (Levinthal & March, 1993). Performing tensions further emerge in social enterprises when the success of the social mission comes at the expense of profits, and vice versa.

(2) Tensions between Mission and Market

The tensions between mission and market within a nonprofit organization are demonstrated at both the operational and strategic levels (Young and Ramsey 2005). In the former category, nonprofits must decide what to charge a fee for the products/ services they offer, whether to produce a given product/service internally or to outsource it, whether and how to compensate its employees for the they carry out, and how to allocate funds held for later expenditure or for investment to produce operating revenues. At the strategic level, nonprofits must decide about undertaking new ventures, entering partnerships and collaborations with other organizations, ensuring a more or less stable inflow of sponsorship and adapting to change as represented by technological innovations such as the Internet. The mission-market tension takes different forms within each of these areas of economic decision-making, but the tension is nonetheless pervasive.

(3) Pricing

Nonprofit organizations provide services for which the requirement of a fee is reasonable and feasible. However, the question remains if first of all that would harm the reputation of the non-profit. Second, it is difficult to establish a pricing policy or agenda given that non-profits do not obey to market mechanisms, they cannot be in direct

competition with commercial entities. The answers lie at the nexus of mission-market tension in nonprofit decisions affecting the financing of services.

(4) Compensation

Non-profit organizations typically cannot offer a competitive salary or benefits to its employees. Working for a social-purpose organization is generally seen as a tradeoff between the meaning you put in the work you do and the monetary value you extract out of it.

Mission/market tensions in staff compensations manifest themselves in two ways. First of all, managers should decide whether to hire paid or unpaid workers. Second of all, if they decide to pay workers they must settle on the compensation they are willing to provide. The compensation should be a good match between a competitive monetary compensation that would ensure the supply of competent, educated individuals or instead to rely more on intrinsic non-monetary motivation thus attracting work force that is motivated mostly by the mission of the organization. At times socially engaged and driven individuals can prove to be much more productive as they serve a higher cause.

(5) Outsourcing

Non- profits should make sure that if they outsource services/products, they make sure that the culture and activity of vendor is not in clash with the mission of the non-profit.

In short, what may appear to be a cost-efficient outsourcing decision of a mission related activity may, for the nonprofit organization, be ultimately less efficient than if the activity were maintained in-house. In such cases, the mission-market tension is resolved only by asking questions about the connections between the activity in question and the potential losses of trust, reputation or control that may occur under outsourcing. (Young and Ramsey 2005).

(6) Fundraising

Fundraising is a curious activity to be examined because it should basically be a maximization of benefits minus costs of the fund raising activity. In reality fundraising is

not a purely profit-maximizing activity, however, because of the mission-market tension and some inherent inefficiency.

Inefficiencies result from the fact that non-profits subtract average costs from revenues, rather than subtracting marginal cost of fundraising from marginal revenue from fundraising.

Nonprofit organizations also set fund raising targets because they work well as motivational devices. Higher targets do usually invoke greater energy and higher revenues, even if they come at costs that exceed returns at the margin.

The mission/market tensions in fund raising are only natural to exist. Sponsors often have an economic rationale behind their decision to support a social project and non-profits should thus track for coherence between the mission of the no-profit and the track-record of social and economic activity of the sponsor. The mission/ market tension can be resolved only by appropriate information and educational efforts directed to donors, overseers and nonprofit executives and development officers. All these groups must better understand the logic of fund raising to maximize net funds. At the same time, nonprofit managers and development officers must also integrate the mission-related benefits of target setting and calculation of performance ratios into the design of their fund raising programs (Young and Ramsey 2005).

(7) Investment and Expenditure of Funds

Investment of a nonprofit's funds is an activity that easily and often suitably serves to a conventional market rationale. Nevertheless, ultimately, the organization should be judged by its social impact. That is why market ventures that incorporate social objectives may offer greater risk or lower financial return than a conventional investment (Young and Ramsey 2005).

(8) Institutional Collaborations

Potential collaborations run the scale from simple, one-time projects to full mergers. The resolution of mission-market tensions that surround institutional collaborations requires due diligence by the charity in investigating potential partners and associated products, clarity with respect to the motivations of those partners, careful exploration of

the mission-related benefits and risks of collaboration, and a diversification strategy that will ensure that the nonprofit's welfare is not tie irrevocably to that of its partners (Young and Ramsey 2005).

(9) New Ventures

Nonprofits may undertake new activities or programs for different rationales. New initiatives may be pursued to address mission-related objectives, or to provide net funding for the organization, or both. It is usual for nonprofits to make a distinction between their core, mission-related initiatives and commercial ventures intended to raise net funds. Every so often, nevertheless, the distinction is not straight forward – mission-related services can make money, and so-called social enterprises may be worthwhile even if they are not profitable. Henceforth, with every new venture decision, a nonprofit is potentially faced with resolving a mission-market tension: The intrinsic problem with new ventures is that they often have the potential for achieving both financial and mission-related objectives, but not necessarily both at the same time. What is required is an overall portfolio scheme that allows the nonprofit to foster in advance the appropriate criterion by which to choose and judge new initiatives by specifying where each initiative is supposed to fit into the organization's mission/profitability tableau (Young and Ramsey 2005).

2.6. Drivers of Sustainability in Social Organizations

In his paper "Strategic Planning for Non-profits" John M. Bryson as early as 1988 stated that there are three fundamental actions for non-profits to counteract market volatility and economic instability. One is to exercise as much as **control** as possible in the respective areas under control and to ensure responsiveness to stakeholder's needs. The second is to develop **effective strategies** to deal with the changing circumstances. And lastly, the third action under consideration is to develop a coherent **framework for decision-making**. Bryson, then suggests that non-profit organizations should engage in the disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organization's (or other entity's) activities within legal bounds or in other words in what we refer to as **strategic planning** (Dylson, Eadie 1982). These decisions typically include

the organization's mandate, mission statement, legal status, financing, product or service level and mix, management or organizational design (Bryson 1998).

What does strategic planning exactly look like? In its most basic form it refers to a series of discussions among key decision makers in the organization, shareholders and managers about what is truly important for the organization. Those discussions are in fact the innovative element of the strategic planning methodology as it stimulates dialogue between decision makers and managers from different levels and functions that almost never get together otherwise.

Key decision makers within an organization might intersect at regular staff meetings but in order for them to discuss issues of a higher strategic complexity and impact than the sick leave policy, they should have established formal processes and practices that help them to prioritize and resolve issues. One process that has proven to be effective and is described in Bryson's paper consists of the following four steps:

(1) Development of initial agreement concerning the strategic planning effort

The initial agreement should cover the following major areas: the purpose of the effort; preferred steps in the process; the form and timing of reports; the role, function and membership of the strategic planning team; commitment of necessary resource to proceed with the effort.

(2) Identification and clarification of mandates

The purpose of this step is to outline the externally imposed formal and informal mandates placed in the organization. Mandates define what an organization is formally and informally required to do or not do by external authorities. Formal requirements are likely to be codified in laws, ordinances, and articles of incorporation, other legal documents, and the policies and procedures of organizations. Informal mandates may be embodied in the cultural norms or expectations of key stakeholders. (Bryson, 1995)

(3) Development and clarification of mission and values

The third step is the clarification of the mission and values of the organization. The mission- in tandem with the mandates provides the *raison d'être* or the reasons for existence of an organization.

Prior to the generation of a mission statement the decision makers should map the organization's network of stakeholders and their expectations. For example, for a non-profit organization those can be the sponsors, the government, the beneficiaries, the employees, the shareholders/ the General Assembly, the Board of Directors, partners etc. The organization should dig deep into the criteria of evaluation that the stakeholders employ in grading its performance.

(4) External environmental assessment

The next step is the analysis of the external environment, which includes the identification of threats and opportunities. Threats are elements in the environment that can cause trouble to the organization. Threats can be the existence of similar entity's that offer competitive products/services. Opportunities are elements in the environment that an organization should use to its advantage. Opportunities can include first mover advantage, trends in the demand.

(5) Internal environmental assessment

The next step is the analysis of the internal environment, which includes the identification of strengths and weaknesses. Strengths are characteristics of an organization that give it an advantage over other. Strengths can include expert knowledge in a particular area, brand image and recognition, HR resources and training. Weaknesses are characteristics that place the business or project at a disadvantage relative to others. Weaknesses can include the lack of reputation and experience.

The assessment of the internal environment includes three categories- (1) organizational resources/inputs, (2) present strategy/ process and (3) performance/outputs.

(6) Strategic issue identification

The 5 elements listed up until now lead us to the next step- **strategic issue identification**. Strategic issues are fundamental policy questions affecting the organizational pillars such as mission statements, values, mandates, product/service level mix, clients/beneficiaries, cost, financing, management, organizational design. It is vital that strategic issues are identified and resolved urgently if the organization is to survive in the long-term.

An organization that ignores strategic issues may fail to capitalize an opportunity or to confront a threat.

Strategic issues embody conflicts, which may be over ends (what), means (how), philosophy (why), location (where), timing (when); and who might be helped or hurt by different ways of resolving the issue (who). In order for the issue to be resolved effectively the organization must be able to articulate, discuss and deal with such conflicts.

The factors that make an issue a fundamental policy should also necessarily be listed prior to the discussion. What is about mandates, mission, vision and values, opportunities and threats that make this a strategic issue?

Finally, the planning team should state what would happen in the case of a failure to address and resolve the issue. The strategic issue identification thus focuses on attracting the attention around what is truly important for the survival, prosperity and effectiveness of the organization. And it provides a useful advice on how to achieve these aims.

There are three main approaches to the identification of strategic issues, namely- the **direct**, the **goals** and the **scenario approach**. The **direct approach** works in a turbulent environment where (1) there is no agreement on goals, (2) there is no pre-existing vision of success (3) there is no hierarchical authority that imposes goals (4) the environment is unstable.

The **goals approach** is rather in line with conventional planning theory where goals and objective and coherent strategies are established and executed. This approach works in more hierarchical organizations where mission is narrowly defined, goals and objectives are clearly stated and only a few powerful stakeholders are involved. It is not suitable for organizations with broad agendas and numerous stakeholders.

Finally, the **scenario approach** requires for the organization to have an ideal picture of itself projected in the future. The strategic issues then refer to steps that will support the entity in its migration from the current state to a future preferred state.

(7) Strategy development

In this step, strategies are developed that aim to deal with the issues identified in the previous step. A strategy is a pattern of purposes, programs, actions, decisions and/or resource allocations that define what an organization is, what it does and why it does it. Strategies vary by level, function and time frame.

The provided definition is purposefully broad. This provides for the opportunity to distinguish between rhetoric (what people say), choices (what people are willing to do) and actions (what people do).

Strategic development begins with the identification of visions and “dreams” of how to resolve the issues. This is the rhetoric stage of the generation of strategies where ideas are flowing freely across the members of the planning team. Once all the alternatives, dreams and visions are listed, together with their barriers, the planning team should focus on proposals to achieve those alternatives. Next actions must be planned out one or two years to implement major proposals.

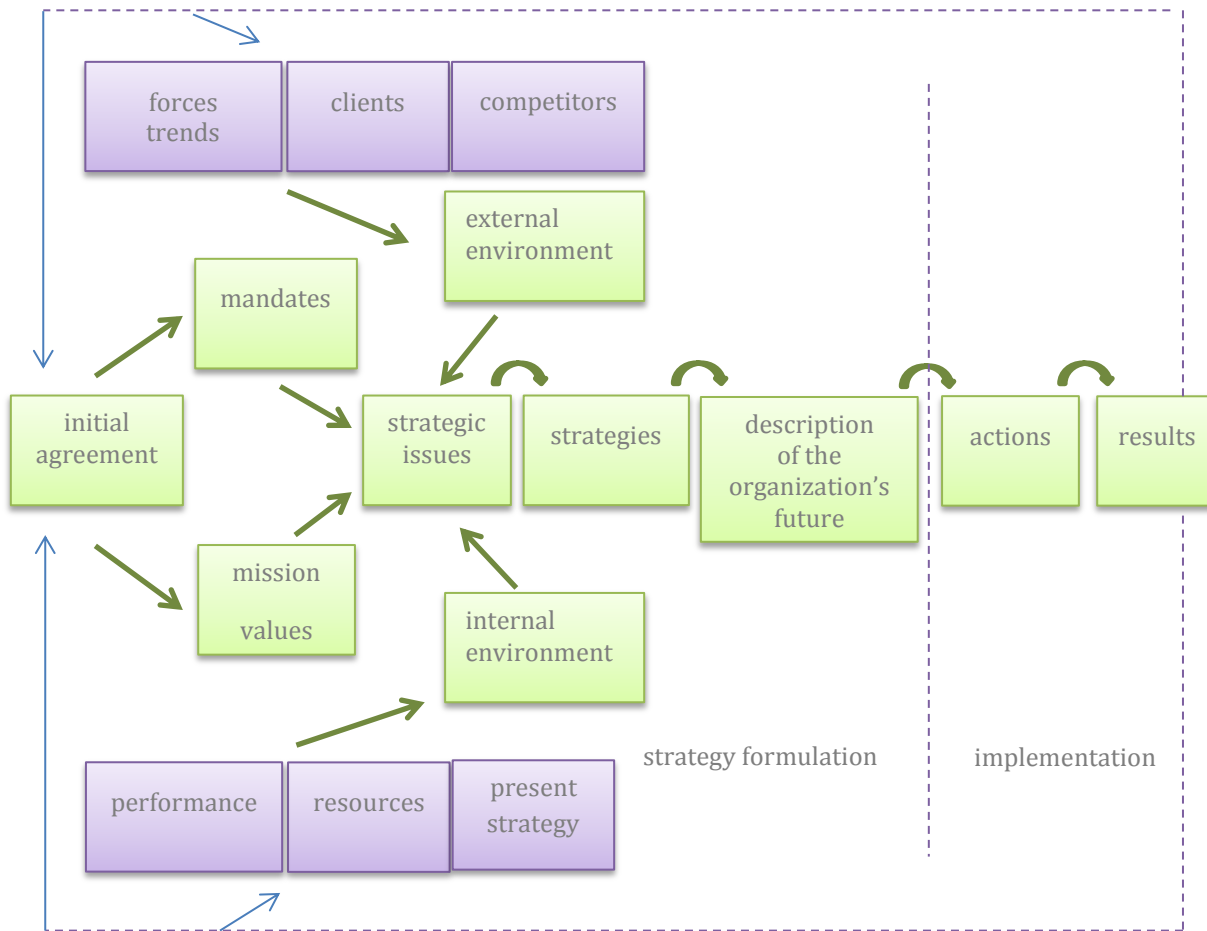
Strategies must be selected accruing to the following criteria: they must be technically workable, politically acceptable to key stakeholders and must accord with the organization’s philosophy and core values. They must also be legal, moral and ethical.

(8) Description of the organization in the future

In the final and not necessarily required steps the organization describes how it would look like as it successfully implements its strategies and achieves its full potential. This description is the organization’s “vision of success”. Few organizations have such visions and yet the importance of it has been repeatedly underlined by management scholars and organizational psychologists.

These eight steps complete the strategy generation process. Next comes the implementation of those strategies and finally the evaluation of the results.

Figure 3: Strategic Planning Process



Now that the process of strategic planning has been described it is important to outline its benefits. Strategic planning helps organizations think strategically, clarify future direction, make today's decision in the line of future consequences, solve major organizational issues on time, build teamwork and expertise, deal effectively and rapidly with changing conditions, develop a coherent framework for decision making and improve performance.

III. Teaching Note

3.1. Case Overview

Buena Vista is a Lisbon-based association found in 2010 with the mission of promoting innovation and entrepreneurship. In 2014 this Portuguese non-profit is faced with the challenge of ensuring long term sustainability as defined by the triple bottom line- profit, people and planet. Buena Vista's main focus is achieving financial (profit) and social (people) sustainability. For this purpose it considers two scenarios. The first scenario is for Buena Vista to continue to operate as a non-profit, whereas the second scenario is for the organization to go for-profit. Which of the two is a better fit depends on how they resolve the sustainability crisis and more specifically on how each of the proposed scenarios addresses the three main drivers for the lack of sustainability (unclear mission statement, lack of formalization, short term financial horizon).

3.2. Teaching Objectives

The objective of this case is to give students a first contact with the world of social entrepreneurship, the challenges and opportunities it faces. They should grow an understanding of the success factors in social-purpose organizations and should be able to propose plausible solutions and scenarios for the achievement of long-term sustainability in Buena Vista.

This teaching case study is essentially designed for a Bachelor or Master course in entrepreneurship, where social entrepreneurship is discussed in the program.

- Suggested Assignment

In preparation for this class, students should receive and carefully review Chapter 1: Case Study and the Appendix.

- Introductory questions

(1) Buena Vista's activities

To begin with, the instructor could simply ask students "what type of organization is Buena Vista". The answer is straightforward- a nonprofit. The instructor could then

continue by asking someone to define the nonprofit sector and social entrepreneurship. He would then suggest a broader perspective on social entrepreneurship introducing Stevenson's definition of social entrepreneurship: "innovative, social value creating activity that can occur across the nonprofit, business or government sectors" (Stevenson H., 2006). Then, the instructor would ask the students to enumerate Buena Vista's activities and to explain the current strategic focus of the organization.

Students can mention the following points:

- Buena Vista's core activity: the Lisbon Challenge 3-month acceleration program
- Buena Vista's support activity: the Beta-Innovation consultancy branch

(2) Stages of Development of Buena Vista

The instructor should ask students to describe the different stages of Buena Vista's Development.

- Stage 1 (2010-2013) : In its first three years of development Buena Vista launched a broad range of activities- from big inspirational events to acceleration programs and workshops.
- Stage 2 (2014): Buena Vista decided to cut on big events and focus on a single acceleration program- the Lisbon Challenge.

3.3. Assignment Questions

(1) Analysis of the "People & Resources" pillar

Students should focus on the motivation of the founding members and the current employees. They should mention the following elements:

- HR Policy: Students should discuss whether there exists a coherent framework for the training and inclusion of new talent. They should then proceed to discussing the structure of the organization, the flow of information, the assignment of responsibilities and the intrinsic and extrinsic motivations that are present.
- Leadership Crisis: The students should identify and discuss the leadership crisis. They should explain how it is evident on a strategic and operational dimension.

They should discuss separation of power and responsibility, human resource management and motivation, project management.

- Resources Crisis: Students should identify and discuss the problem with the short term horizon of sponsorships and third party partnerships and how that affects the HR policy, the strategic decision making, the allocation of resources, the mission statement.

(2) Analysis of the “Context” pillar

Students should mention the following elements:

- Maturity of the ecosystem: The students should discuss the maturity of the entrepreneurial ecosystem and how that affects Buena Vista’s operations.
- Sources of financing: The students should discuss the different financing options for a startup accelerator: government grants, private sponsorships, investors, equity stake in the startups.

(3) Analysis of the “Deals” pillar

Students should mention the following elements:

- Stakeholders List: The students should create a list of stakeholders and their expectations. They can refer to Table 2 for reference.
- Value Exchange Transactions: The students must describe the value exchange transactions taking place between the stakeholders.
- How value can be enhanced: The students must discuss ways in which those value exchange transactions might be enhanced (covering both the for-profit and nonprofit scenario).

(4) Analysis of the “Opportunity” Pillar

- Current trends in acceleration programs: The students can be invited to research current trends on their personal computers. This is an optional question that can be discussed in case the class finds the topic of acceleration programs appealing.
- The social value potential of an accelerator: The students can discuss what the social value of an acceleration program is.

- The financial value potential of an accelerator: The students can discuss the challenges that Buena Vista is facing with finding a sustainable revenue model for the acceleration program.
- The sustainability value of an accelerator

(5) Challenges to Sustainability

Students should analyze the challenges to sustainability as outlined under Point 5 of the Literature Review.

- Performance Evaluation: The students should discuss the performance metrics currently in use in Buena Vista. They should discuss the lack of clear KPI's and how that is related to the strategic decision of focusing on the acceleration program. The students should also discuss the lack of structure and formalization within the organization, which is indeed one of the main drivers of the financial sustainability crisis. They should mention the chaotic resource management, the lack of clear feedback and accounting mechanisms, the multitude of project management platforms in use (Google Drive, Excel, and Basecamp).

(6) Tensions between Mission and Market: The students must discuss issues of pricing, fundraising, outsourcing, institutional collaborations and diversification. They should think about the social and the economic value that each of those activities can bring. Once they have mapped the socio-economic value of a transaction they can discuss the mission-market tradeoff and tensions.

(7) Drivers of Sustainability

The students must discuss how they can put to practice the theoretic framework described by John M. Bryson in his paper "Strategic Planning for Non-profits" in Buena Vista's case. That will allow them to identify initial agreements, mandates, mission and values of the organization, to perform an external and internal environmental assessment, to identify strategic issues and develop strategies for their resolution.

- Initial Agreement
- Mandates
- Mission and Values
- External environment

- Internal environment
- Strategic issues identification
- Strategy Development
- Mapping the future

(8) Conclusion

In the wrap up of the study session students should engage in a group discussion of whether Buena Vista should continue to operate as a nonprofit or it should switch to a for-profit regime.

- Nonprofit scenario/ For-profit: If the students select the nonprofit/for-profit scenario as an “exit” strategy they should explain how exactly that decision would influence the future strategy of Buena Vista. More specifically, they should argue why they believe that nonprofit/for-profit should be the preferred organizational form given the sustainability crisis. The students must briefly comment on how they will work on counteracting to the drivers for the lack of financial sustainability.

3.4. Teaching Plan

The following teaching plan can be used for a 120 minutes class discussion. The questions are intended to guide class discussion and are indicated by “Q”. The instructor is advised to read the analysis in the previous section before using this teaching plan.

(Time) 0:00 Introduction

Q: What type of enterprise is Buena Vista? What are Buena Vista’s activities?

Q: Identify the different development stages in the evolution of the organization.

Q: What is the current strategic focus of Buena Vista?

0:10 Analysis of the “People&Resources” pillar

Q: How are social entrepreneurs different from commercial entrepreneurs (in terms of behavioral traits and the purpose of their actions)?

Q: How important is leadership within a nonprofit? Would you say that Buena Vista has a strong leadership? Provide evidence.

Q: How does resource management and availability relate to the strategic horizon of Buena Vista?

Q: Where do Buena Vista's funds come from?

Q: What differences are there between the financial resources available to social enterprises compared to the ones available to commercial enterprises?

0:30 Analysis of the "Opportunity" Pillar

Q: What type of opportunity has Buena Vista identified?

Q: Would you say that Buena Vista is effective in identifying growth opportunities?

Q: What is the added value (financial and social) potential of an acceleration program

00:45 Analysis of the "Context" pillar

Q: How important is the context to Buena Vista?

Q: How do social entrepreneurs react to an inhospitable context, compared to traditional entrepreneurs?

01:00 Challenges to sustainability

Q: What are the performance evaluation mechanisms within Buena Vista (KPI's, feedback mechanisms, task allocation)?

Q: Describe the existing mission-market tensions if any. Discuss issues of pricing, fundraising, outsourcing, institutional collaborations and diversification of operational activities

01:25 Drivers of sustainability

Q: What is the added value of strategic planning?

Q: Perform and map out a strategic plan for Buena Vista, including the initial agreement, organizational mandates, mission and values, the external/internal environment, strategic issues identification, strategies.

01:50 Conclusion: The future of Buena Vista

Q: Summarize briefly the key difference between commercial entrepreneurship and social entrepreneurship

Q: Draw a framework representing the social entrepreneurship process

Q: Outline the key challenges to social entrepreneurship

Q: Outline the key drivers of sustainability for social entrepreneurs

Q: Social and Sustainable: is it possible?

Q: What is your advice to Buena Vista- to continue to operate as a nonprofit or to switch to a for-profit regime?

Appendices

Table A: Projects			
Name	Status	Description	Website
Lisbon Challenge	Active	A 3-month acceleration program for tech startups looking to go global, find investment and achieve product-market fit.	http://www.lisbon-challenge.com/
Beta-Innovation	Active	The corporate branch of Buena Vista, which provides innovation consultancy to external clients, as well as tailored acceleration programs for specific initiatives.	Not Applicable
TEDxEdges	Past /2011/	A self-organized TED event where some of the world's leading thinkers and doers are invited to share what they are most passionate about.	http://tedxedges.com/
Explorers Festival	Past /2013/	The event for entrepreneurs & startups on the west coast of Europe.	http://www.explorersfestival.com/
Sandbox Global Summit Lisbon	Past /2012/	Sandbox brings together young people worldwide that already have an impressive impact at a very young age, no matter in what field or industry.	https://www.sandbox.net/
Silicon Valley Comes to Lisbon	Past /2011/	An event about entrepreneurship, innovation, open minds, idea exchange and networking	http://www.svc2lx.com/
Startup Weekend	Past /2013/	A global grassroots movement of active and empowered entrepreneurs who are learning the basics of founding startups and launching successful ventures. It is the largest community of passionate	http://lisbon.startupweekend.org/

entrepreneurs with over
1800 past events in 120
countries around the
world.

Table B: Buena Vista's Team

Name	Position
Compay	Product Coordinator Deputy Co-Founder
Ruben	Event & Operations Manager
Ibrahim	Creative Manager
Omara	Community Manager
Idania	Startup Analyst
Amadito	Product Coordinator for the Lisbon Challenge Co-founder
Eliades	Special Project Coordinator
Ry	CFO Co-founder
Ana	Travel and Stay Support
Duarte	Beta-Innovation Project Manager
Salsa	Graphic Design Volunteer
Sofia	Head of Marketing and Communication
Pio	President, Co-founder
Bashara	Project Manager for Lisbon Challenge
Manuel	Head of Innovation
Rafael	UX & Service Designer at Buena Vista
Beatriz	Startup's Concierge
Joao	Country Manager Brazil
Joao S	Lisbon Challenge Summer Intern

Table C: Feedback Mechanisms

Feedback Mechanism	When?	Description	Feedback Exchange
Monday Meeting	Mondays 12.00 am - 13.00 pm	A meeting where lessons learned in the past week and priorities for the current week are shared and discussed.	All organizational members are involved including full-time employees, part-time employees, interns and volunteers.
Scrum Meeting	Daily Meeting 9.30 am -10.0 am	Daily operational meeting to review daily and weekly objectives of a team and its individual members.	Feedback is exchanged between Project/ Operational Managers and their employees.
Brown Bag Lunch	Weekly 12.00 am - 14.00 pm	An informal meeting to learn and share knowledge and define common objectives, to organize brainstorm sessions, and to explain the details of a project.	All organizational members are involved including full-time employees, part-time employees, interns and volunteers.
Monthly Board Meetings	Monthly	Strategic decisions are taken with respect to HR, finances and strategic goals.	Feedback is exchanged between Board members.
Tactical meetings	When needed Self-organized	Task-related	Feedback is exchanged between people involved in a task. Can be cross-functional and across projects.
Project Meetings	When needed Self-organized	Internal Team meetings related to a specific project.	Feedback is exchanged between people involved in a project. Can be cross-functional.

Table D: Mission of Buena Vista

Name	Position	What is Buena Vista?	Buena Vista's mission is to:
Official /source: LinkedIn/		an association for the promotion of Innovation and Entrepreneurship	promote entrepreneurship and innovation
Compay	Product Coordinator Deputy Co-founder	a non-profit born from the idea that it would be wonderful to create an independent organization to support the next generation of entrepreneurs.	support the next generation of entrepreneurs
Ruben	Event & Operations Manager	a non-profit to promote entrepreneurship and innovation	help new enterprises enter the market in a startup way
Ibrahim	Creative Manager	big engine for the entrepreneurship engine here in Lisbon for the world	promote innovation and entrepreneurship
Idania	Startup analyst	an association that promotes entrepreneurship and innovation in Portugal	innovate entrepreneurship
Omara	Community manager	non-profit association promoting innovation and entrepreneurship	promote innovation and entrepreneurship
Eliades	Special projects coordinator	non-profit organization with the aim of promoting innovation and entrepreneurship	promote innovation and entrepreneurship
Ry	Co-founder, CFO	Buena Vista was born to help entrepreneurs build their business, weather there are in the ideation stage or a later stage but with time it evolved into acceleration.	find and help fast-growing startups
Salsa	Graphic design volunteer	an acceleration program that helps startups to grow	improve entrepreneurship internationally
Amadito	Product	a non-profit organization	never had a clear mission; the

	Coordinator for the Lisbon Challenge, Co-founder	that was launched in 2010	mission of the accelerator is to support a big successful startup that will eventually result in a billion worth market capitalization
Pío	Co-founder, President	a non-profit organization that supports entrepreneurs	inspire entrepreneurs and help startup grow and boosting the local entrepreneurial ecosystem

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