

**FUNDAÇÃO GETULIO VARGAS
ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA DE EMPRESAS
MESTRADO EXECUTIVO E GESTÃO EMPRESARIAL**

**Resource Based View, Brand Identity and
Entrepreneurship: A Teaching Case Study at Mundo
Verde**

DISSERTAÇÃO APRESENTADA À ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE
EMPRESAS PARA OBTENÇÃO DO GRAU DE MESTRE

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Rio de Janeiro - 2015

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Resource Based View, Strategy
and Entrepreneurship: A Teaching
Case Study at Mundo Verde

Master's thesis presented to Corporate International Master's
program, Escola Brasileira de Administração Pública, Fundação
Getulio Vargas, as a requirement for obtaining the title of
Masters in Business Management.

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Rio de Janeiro

2015

I dedicate this work to my parents and family, for whom I have the greatest love and respect. I would like to thank my good friend Drew Thompson that always helped me when I needed and to my advisor Professor Isabella Vasconcelos for her patience and guidance. This work is also dedicated to all my friends, for all the joy and happiness they bring to my life.

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ABSTRACT

This case study is based in Mundo Verde, a Brazilian natural products company, and its focused on the strategic decisions the company has to make to overcome the current problems. The case is built around three major theoretical perspectives: Competitive advantages from a Resource Based View, Brand Identity and Entrepreneurship. In the case is presented first the company, disclosing the necessary information to analyze and comprehend Mundo Verde, by accurately identifying the company's competitive advantages. Next the student is presented to a narrative where the CEO of the company meets one of the franchisees in an attempt to find out more about the company's issues and to see how the stores are working. Several scenarios are presented to the students which represent several possibilities of action, considering the company, the problems to be addressed and the objectives of the company.

Keywords: Mundo Verde, Resource Based View, Competitive advantage, Brand Equity, Brand Identity, Standardization, Customization, Local adaptation, Entrepreneurship, Marketing

1 INTRODUCTION

The FGV's (Fundação Getulio Vargas) MEX – Executive Masters – in business management (Professional Masters) together with Católica School of Business and Economics Masters of Science, under the Double Degree Program, give to its students the possibility to make the masters dissertation as a teaching case study. Hence, it will be performed in this paper a teaching case study.

A teaching case gives the opportunity to the teacher reflect with the students, leading them to a better application of the studied theories in a more practical manner, by analyzing and collecting evidence to support their decisions. This gives a better visualization on how the theories apply to the real life and their usefulness. Moreover, researchers can use the cases to practice evidence collection and situational analysis, through the elaboration of pertinent questions that combined with the right theories can lead future researchers and managers to understand better the studied economic sectors, while improving their skills and avoiding mistakes already committed by others.

The main question of this teaching case study is the following: First of all, the student must perform an analysis of the company Mundo Verde, accordingly with the VRIO model, mapping the main resources and capabilities that the company possesses, responsible for the attained profit. Secondly, the student must construct the business expansion strategy inside Brazil as well as outside the country, if he finds appropriate to the company an internationalization strategy, and lastly the brand expansion strategy.

The job proposal for this paper, in which its involved the pursued objective, is to prepare a teaching case, to be used in teaching activities, to qualify future managers in aspects related to defining a strategy of growth and survival of a Brazilian company, in this case MUNDO VERDE, by identifying the resources and capabilities of this specific company, combine it with the entrepreneurial spirit and brand building knowledge to create a fact based support to the newly chosen next steps. This will also allow to teach that companies are living in an uncertain world where innovation is constant and necessary, but it's essential to understand “where to” innovate in order to thrive.

In 2009 the company was bought by the Axxon Group and a group of former executives from the financial market. Sergio Bocayuva has become the CEO since then and started a

restructuring and reorganization of the company's business logic, where the launching of a new line of Mundo Verde own products is crucial to accomplish it. The case starts with company history and description, where the student will be able to identify the core resources and capabilities of the company and understand what is Mundo Verde's intended strategy and goals. Then a more internal and close view will be presented through the vision of a franchisee where the problems that the company is facing will become clearer.

The dilemma presented will be the necessary next steps that should be taken by the franchisor in order to make this reorganization combined with entrepreneurial project to work, giving the current and possible future problems. More specifically the general dilemma will be: Based on the identified core competencies and capabilities of the company what preventive and pro-active measures should the CEO take? Is the company going in the right direction, should the company take more measures, where is the company failing so that the problems presented exist, should the company go more international or stay focused on the Brazilian market, is the positioning right and should it be adapted when entering other markets, should the company pursue more innovation and on what kind of products, what kind of freedom and autonomy should the franchisees have? These are other questions that have to be answered by the company's current CEO Mr. Sérgio Bocayuva, incorporated by the students.

The case study will grow up to the point where a decision has to be made to solve the said dilemma. Then case will be accompanied by a teaching note with a suggestion for the teacher to utilize the theories here presented. The Resource Based View, VRIO, Franchising, Entrepreneurial, Brand management and Brand building theories are suggested to the teacher, to help the students to analyze the case.

The teaching case in question can be applied to undergraduate courses or post-graduated related to strategic management, entrepreneurship, organizational theories, marketing, franchising, brand building and management and also others that have economic approaches.

It's important to note, that besides analyzing the case of Mundo Verde, the students will be conducted, to analyze the industry where the company operates, being asked to seek other sources of data in order to update information this case and can answer all the questions so that the case can continue to be used in different scenarios.

The dissertation is divided in four major parts: The theoretical ground, methodology, the case study and teaching notes. The case will start with a company description, history, evolution, main competences and capabilities, personality, environment, products and future. This will be completed by an industry and competition analysis, done independently by the students. Finally a more close view of how the stores operate and what kind of problems they are facing will be presented, comparing how the intended strategy is working, and what future steps should be taken regarding the launch of the product line and company strategy. Here the situation which led to the dilemma will be analyzed to understand the variables that Mr. Sérgio Bocayuva has to take into account to make the decisions.

This dissertation will give the students the opportunity to learn about an extremely interesting and on the rise industry, marketing, brand management, entrepreneurship and strategy. The instructors will have a tool to use in a lecture covering the subjects mentioned above with a real life situation and dilemma.

2 LITERATURE REVIEW

The teaching case analysis requires the use of an theoretical outline that helps the student with the activity, enlarges its theoretical knowledge and, at the same time, fosters the conditions for the student to understand the real world events represented in the teaching case study. This understanding will improve the student's strategic decision capability. Following there is a breve presentation of the theoretical concepts suggested as important to this specific teaching case study.

2.1 COMPETITIVE ADVANTAGE

2.1.1 NEOCLASSIC CONCEPTION

The neoclassic conception of the competitive advantage – constant results above the average – it's an epiphenomenon: an exceptional accident, or a temporary imperfection of the market. The power of the competition forces, driven by the invisible hand, tends to corrode all the above average profit. Besides, it lacks to the orthodox microeconomics a theory of the firm as a collective phenomenon. The firm isn't treated as an institution, but as an individual actor, without any decision autonomy that rationally and passively responds to the changes in the environment (in the classic conception is reduced to the price and quantities mechanisms) (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000). Teece summarizes the limits of the firm as: “(...) with little exaggeration, we can assert that, until very recently, economics lacked a theory of the firm. (...) one finds a theory of production masquerading as a theory of the firm. Firms are typically represented as production functions, or, in some formulations, production sets. The (neoclassic) firm is a ‘black box’ which transforms the factors of production into usually just one output” (Teece, 1984, p. 90). The neoclassic economic theory doesn't consider the practical limits to the resource conversion, the specificity of the assets, the technological particularities and the concept of organizational interaction. According to Teece, this is a major obstacle to the strategic applicability of the models of economic analysis: “(...) The notion that a firm can choose from a finite set of strategies (...) implies that a firm's resources and capabilities are not completely fungible and generalizable, certainly in the short run, if not in the long run. Particular strategies imply particular investment decisions, organizational structures,

and possibly particular organizational cultures. Put it differently, the concept implies that certain factors of production are semi permanently tied to the firm by re-contracting costs and, perhaps, market imperfections (...)” (Teece, 1984, p. 88). A very important part of the business strategy is focused on the long-term where the dynamic characteristics, the inter-relations between decisions, change and uncertainty must be treated as essential phenomes (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000).

To design a more structured and appropriate strategy companies have to look inside: “Even the most careful and complete analysis of these firms' competitive environments cannot, by itself, explain their success. Such explanations must also include these firms' internal attributes-their strengths and weaknesses-as sources of competitive advantage. Following more recent practice, internal attributes will be referred to as resources and capabilities throughout the following discussion (Jay B. Barney, 1995, p.50).

2.3 RESOURCE BASED VIEW

After the 70s, different minds of the economic school approached the competitive advantage concept through different perspectives. The business strategy theories that treated the competitive advantage matter can be divided into two main axes. The first axe classifies the studies according to its conception in the origin of the competitive advantage. Two cases are identified: 1) the theories that consider the competitive advantage as an attribute of the positioning, exterior to the organization, derived from the industry structure and from the competition and market and 2) the theories that consider the superior performance as a phenome that occurs primarily because of the internal characteristics of the organization (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000).

The second dimension discriminates the approaches accordingly to its assumptions about the competition. There is a division between researchers that possess a structural vision, essentially static, of the competition, grounded essentially in the notion of economic equilibrium, and the ones the highlight the dynamic and changeable aspects of the competition, emphasizing phenomes as innovation, discontinuity and imbalance.

For this work the theoretical ground will be based on the competitive advantage explained by the internal resources specific to the firm, the resourced based view theory.

The vision of the competitive advantage places its origin from inside out of organizations (Combination of internal and external perspective) and suggests the adoption of new strategies it's restricted to the current level of the company's resources.

This new approach carries important elements of the Penrosiane theory. E Penrose called the attention to the limitations of the structural approach: "(...) except inside the most ample limits, we can't explain properly the firm's behavior or predict the probability of success when only analyzing the nature of environmental conditions (PENROSE, 1959, p. 42). Penrose was one of the first authors to define a company as an administrative entity and a set of resources:" (...) A business is something more than an administrative unit; it is also a set of production factors, used for different purposes and in the course of time is determined by an administrative decision. If we consider the private enterprise function in this way, the best way to assess a company's size is to find a measure of the production factors it uses (...)" (Penrose, 1959/1963, p. 31). Penrose proposed to measure a company size by its resources and not by its production factors. A firm's growth is, in that way, characterized by the external opportunities that a company can take advantage of considering its internal resources. These internal resources limit a company capability to use those opportunities and grow.

A company isn't just restrained to the opportunities that appear from external sources, it's necessary to understand that since a company is part of the environment it has an influence on it: "(...) a company don't just adapt to the external conditions, but knows that it can change them and that the environment isn't independent from their activities" (PENROSE, 1959, p. 42). The processes of expansion of the firms are not only characterized by the external opportunities but also by internal opportunities. This means that a company has the chance to create its own opportunities, by influencing the external environment to maximize the utility of its internal resources.

The recognition of this heterogeneity values the internal learning capabilities of a company: "(...) to learn more know the production factors with which they work, and that greater knowledge creates opportunities to increase profitability and productivity of the companies (...)

(orienting) the research is on the specific characteristics of this factors, on ways to combine its characteristics with other production factors (...)" (Penrose, 1959/1963, p. 75)..

This way, it's the constant search for the plane utilization of the resources that prevents the markets and firms equilibrium. Even if the competition and industry conditions would be stable, each firm, by trying to optimize its resources would move away from the equilibrium (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000).

By making an external analysis, it's possible to understand the environment and industry structure and to complement it, the resource based view analyzes the necessary internal resources to understand which and what kinds of conditions generate revenue or competitive advantages.

Resource based view it's a perspective that sees the resources as the base to the firm's strategy. This approach considers competences, capabilities and skills as being the base of the productive and organizational knowledge, making them the most important source of competitive advantage, heterogeneity and profitability of the firms in the long-term. How to create maintain and renew the competitive advantage of the firm considering its resources. Its basic contribution it's a thorough analysis of the conditions under which the resources create value, meaning heterogeneity, immobility and imitability.

Foss (1997, p.7) synthetizes the basic structure of the RBV, empirically and theoretically, RBV analyzes the competitive advantage from two generalizations:

1. There are asymmetric differences between firms if the resources necessary to implement strategies are controlled.
2. Such differences are relatively stable.

According to the author, combining these two empirical generalizations with other fundamental assumptions – that are, mostly, economic - emerges the RBV from two basic assumptions:

1. The differences in the resource allocation of the firms cause different performances.
2. Firms search to increase, not necessarily maximize, their economic performance

Generally, such foundations indicate that the performance depends on the allocation of resources built through internal accumulation or, if not, acquired in specific market factors. Moreover, it shows that the establishment, maintenance and renewal of the competitive advantage of firms are largely associated with the internal features (attributes) - the sources of profitability are more specific to the firm than to industry (FOSS 1993).

Furthermore, to justify the differences in the performances, the resources must be capable of generating marketable products or services (COLLIS, 1996). It's not enough that firms possess distinct resources. In fact, what differentiates the resources it's their capability to create value for customers (HAMEL, 1995), or its capacity to enable the implementation of different strategies (BARNEY, 1997).

This rationality leads to a fundamental change on the vision about the origin of the competition, which, instead of a competition between products, it becomes a competition between resources and competences (SANCHEZ AND HEENE, 1996; HAMEL, 1994).

The competitive advantage assumes that the resource allocation of the firms is heterogenic. Because of that resource heterogeneity, firms present different economic performances. Hence, the control of resources by some firms capable to generate a superior performance assumes that the supply of those resources is limited. The rarity of the resources comes from structural reasons, like physical, natural, legal or temporal limits, or from firms' behavior, as for example their capacity to develop unique resources, hard to imitate, from undifferentiated inputs available in the market. The inelasticity of some resources supply in the short-run, allows companies to attain profits above average (Ricardian rents) as long as the relative rarity of the resources exist and there aren't any other resources combinations capable of producing the same goods or substitutes. Hence, it's necessary to protect the rents from competitors' actions preserving the heterogeneity conditions. (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000).

The business strategy becomes to focus on the resources that provide competitive advantage in terms of profits above average. However, the market power that is capable of generating profits also possess its bases on the firms' resources, as it depends on the entry

barriers, which are based on scale economies, patents, learning curves, brand reputation, or some sort of resource that an established firm possess (GRANT, 1991, p.117).

Given the scarcity of resources and the different possibilities of resources combinations to create substitutes or better goods or services, companies have to concentrate on identifying and acquiring the most attractive resources, most appropriate to their competences, while at the same time preserve the inimitability and substitutability of these resources.

Additionally, as the company is already established in the market, is also important to point out that the firm must be seen in a historical perspective (evolutionary), in which its current position is, frequently, formed by the path it took (path dependency) : “(...) at any point in time, firms must follow a certain trajectory or skills development path. This path not only defines what choices are open to a firm today, but it also imposes limits around which its most likely internal repertoire built in the future will be determined” (Teece , Pisano , Shuen , 1997, p 515 .).

2.4 VRIO

The VRIO framework is used to mitigate how companies can understand their competitiveness and maintain it. As an already established brand, it's important to the company to know what the brand sustainable competitive advantages are. In that sense after understanding the competitive advantage theoretical background, it's intended in this teaching case study to use the VRIO framework to comprehend and analyze the company's competitive advantages.

The tool was originally developed by Barney, J. B. (1991) in his work 'Firm Resources and Sustained Competitive Advantage', where the author identified four attributes that firm's resources must possess in order to become a source of sustained competitive advantage. VRIO analysis stands for four questions that ask if a resource is: **V**aluable? **R**are? **C**ostly to Imitate? And is a firm **O**rganized to capture the value of the resources? A resource or capability that meets all four requirements can bring sustained competitive advantage for the company.

2.4.1 THE QUESTION OF VALUE

To evaluate a firm competitive implications of its resources and capabilities, it's necessary to understand how valuable are their current resources and capabilities. J. B. Barney

says managers have to ask: “Does our firm's resources and capabilities add value by enabling it to exploit opportunities and/or neutralize threats?”

When managers make an environmental analysis, through for example, Porter’s 5 forces model, they can use the answer to the value question to link the analysis of their internal resources and capabilities with the analysis of environmental opportunities and threats. “Firm resources are not valuable in a vacuum, but rather are valuable only when they exploit opportunities and/or neutralize threats. The models developed by Porter and his associates can be used to isolate potential opportunities and threats that the resources a firm controls can exploit or neutralize (J. B. Barney, 1995, p.52).

Furthermore, resources and capabilities of firms in the same industry can be evaluated in several ways. Are the company customers looking for quality or low prices? The answer to this question can make different resources to be evaluated in dissimilar ways. ’

2.4.2 THE QUESTION OF RARENESS

Although to understand if a firm’s resources and capabilities are valuable is an important first step, the second question comes to further mitigate if these valuable resources and capabilities can actually be a source of competitive advantage. If every competitor has these valuable resources and capabilities, then hardly they can become a source of competitive advantage. “However, if a particular resource and capability is controlled by numerous competing firms, then that resource is unlikely to be a source of competitive advantage for any one of them. Instead, valuable but common (i.e., not rare) resources and capabilities are sources of competitive parity” (J. B. barney 1995, p.52). This way, it’s necessary to question: How many competing firms already possess these valuable resources and capabilities?

To remain competitive it’s fundamental for the firms survival, meaning that although a resource may not be rare, it can still be valuable allowing the company to pair up against its rivals and to endure. Rarity it’s a fundamental characteristic to enable a firm gain at least a temporary competitive advantage.

2.4.3 THE QUESTION OF IMITABILITY

A firm that possesses valuable and rare resources and capabilities can gain, at least, a temporary competitive advantage. If, in addition, competing firms face a cost disadvantage in imitating these resources and capabilities, firms with these special abilities can obtain a sustained competitive advantage. These observations lead to the question of imitability: Do firms without a resource or capability face a cost disadvantage in obtaining it compared to firms that already possess it? (J. B. Barney, 1995, p.53).

As mentioned before, the authors Álvaro B. Cyrino and Flávio C. Vasconcelos, stated that to maintain a competitive advantage it's necessary to preserve the heterogeneity conditions. Two mechanisms that prevent the rents erosion are analyzed: the imperfect imitability and imperfect substitutability (Peteraf, 1993). The imperfect imitability explains the firms' difficulties in identifying and reproducing the most important resources of its competitors. The imperfect substitutability concerns the difficulties to substitute the resources utilized by the competitors that could have the same results with an economic utility equal or superior (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000).

There are several factors that create difficulties to imitate competitors. There are the natural factors (geography and rarity) and the legal and institutional mechanisms (Brands, patents, property rights, market reserves), besides economical and organizational factors superior (VANTAGEM COMPETITIVA: os modelos teóricos atuais e a convergência entre estratégia e teoria organizacional, Álvaro B. Cyrino, Flávio C. Vasconcelos, 2000). These factors include the tacit nature of resources (Reed and Defillippi, 1990), the unique history of resource and capabilities development (Barney, 1997; Arthur, 1989), the resources casual ambiguity and complexity (Reed and Defillipi, 1990; Barney, 1997), the "Time diseconomies" (*time compression diseconomies*) and the availability of substitutes to those resources. Barney also highlights the importance of *numerous small decisions*: "However, as these managers begin to discuss their firm, what becomes clear is that their success does not depend on doing a few big things right, but on doing lots of little things right. The way they manage accounting, finance, human resources, production, or other business functions, separately, is not exceptional.

However, to manage all these functions so well, and so consistently over time is truly exceptional. (...) they will have to imitate thousands or even hundreds of thousands of such attributes—a daunting task indeed (J.B. Barney, 1995, p.55). and *The Importance of Socially Complex Resources*: “(...)socially complex resources and capabilities—organizational phenomena like reputation, trust, friendship, teamwork and culture—while not patentable, are much more difficult to imitate” (J.B. Barney, 1995, p.55). This means that there are manageable skills connected to tacit knowledge that are necessary to make resources and capabilities inimitable. A company's culture and work environment can be especially designed to make a certain type of capabilities stand out, necessary to utilize some resources in the best way possible.

2.4.4 THE QUESTION OF ORGANIZATION

In general, when a firm's resources and capabilities are valuable, rare, and socially complex, those resources are likely to be sources of sustained competitive advantage (J.B. Barney, 1995, p.55). Although as the author states, in general valuable, rare and inimitable resources are enough to sustain a competitive advantage, an organization has to be structured in order to take full advantage of its resources and capabilities, raising the question: Is a firm organized to exploit the full competitive potential of its resources and capabilities?

“Numerous components of a firm's organization are relevant when answering the question of organization, including its formal reporting structure, its explicit management control systems, and its compensation policies. These components are referred to as complementary resources because they have limited ability to generate competitive advantage in isolation. However, in combination with other resources and capabilities, they can enable a firm to realize its full competitive advantage” (J.B. Barney, 1995, p.55).

The author highlights the importance of having an adequate structure that enables the company to exploit its competitive advantage and more important to sustain and maximize it. Without the appropriate organization inside a company, competitors can easily erode the competitive gap by being more efficient and effective, producing more with less.

“In the end, this discussion reminds us that sustained competitive advantage cannot be created simply by evaluating environmental opportunities and threats, and then conducting

business only in high-opportunity, low-threat environments. Rather, creating sustained competitive advantage depends on the unique resources and capabilities that a firm brings to competition in its environment. To discover these resources and capabilities, managers must look inside their firm for valuable, rare and costly-to-imitate resources, and then exploit these resources through their organization” (J.B. Barney, 1995, p.60).

2.5 FRANCHISING

In this teaching case study franchising will be defined accordingly to the definition found in *The Organizational Theory* by Gareth R. Jones: A franchise is a business that is authorized to sell a company’s products in a certain area. The franchiser sells the right to use its resources (e.g., its name or operating system) to a person or a group (the franchisee) in return for a flat fee or share of the profits. Normally, the franchiser provides the inputs used by the franchisee, who deals directly with the customer. The relationship between franchiser and franchisee is symbiotic. The transaction cost approach offers an interesting insight into why interorganizational strategies such as franchising emerge.

From corporate strategy point of view, Hitt, Ireland and Hoskisson (2008), consider franchising cooperation strategy at the enterprise level focused on expansion, particularly interesting for fragmented industries such as retail, it allows gaining a dominant market share grouping different companies as franchises. In this case, the franchisor uses franchise like contractual relationship for describing, control and sharing of their resources and capabilities with franchisees. It is a contractual agreement between legally independent companies, but working in partnership, each with its direct and specific responsibilities aiming for the success and strengthening of the brand's core business. This partnership requires know-how transfer from franchisor to the franchisee, enabling him to operate the business and providing feedback to franchisor on how units can be more efficient and effective, providing a competitive market position.

Organizational models are diverse: the franchisor may be the producer of the goods and who creates the channel to drain it or can also be one that developed the concept and choose the approved suppliers who will supply its network. Other possibilities of action exist: the presence

or absence of regional franchisors or master franchisees, market exploration with a combination of stores and franchised, exclusive use of franchises etc.

In this teaching case study it will be analyzed a Brazilian franchise, which operates in an emerging market, therefore, require specific research and study since they involve a group of countries that has gained a prominent role in the international economy, with heterogeneous backgrounds due to historical, cultural, political and ethnic characteristics (Cuervo-Cazurra, 2008; Alon, Liqiang & Wang, 2010). Emerging markets are characterized by the presence of infrastructure problems, restrictions to prepare human resources for international operations, and determined institutional and bureaucratic restrictions, which hampers the capacity to do business and to internationalize firms (Khanna, Palepu & Bullock, 2010; Sull & Escobari, 2005). Brazilian franchise chains, more specifically, bring an additional challenge for internationalization due to the economic growth scenario experienced by the country over the last decade. In principle, there was a discouragement to investment abroad and the potential growth was focused on the domestic market. Additionally, the process of internationalization in the country can still be considered a recent phenomenon, on average, 5 years as indicated in an official study of the sector in partnership with ABF, which signals a stage of competence development for internationalization by the Brazilian franchise chains (Borini, Rocha, & Spers, 2012). Other relevant characteristic of Brazilian franchises is the lack of recognition of their brands internationally; this feature becomes, therefore, an impediment to expand businesses (Khauaja, 2009).

The result of the relationship between the two parties (i.e., franchisee and franchisor), tends to create conflicts, which can be understood under the Agency Theory perspective (Baker & Dant, 2008). The parties involved, the franchisor (principal) and franchisee (agent) have divergent interests, which will generate opportunistic behaviors and increase agency costs. The franchisor, in order to reduce agency costs and the opportunism, needs to establish monitoring and control mechanisms, generating benefits to franchisees (Castrogiovanni et al., 2006; Chen, 2010; Chu & Sappington, 2009; Jensen & Meckling, 1976). As for franchise chains, one of the risks involved in international operations lies in the loss of standards by the franchisee, and this risk accentuates as the geographical and cultural distance to the countries of destination increases (Fladmoe-Linquist, 1996). Thus, the Agency Theory, when applied to franchising, suggests that

the greater the capability for franchisors to monitor and control the franchisees, the greater the probability and capacity to look for international operations (Alon & McKee, 1999b).

There are many growth opportunities for franchise chains in emerging markets. A growing middle class, high level of urbanization, many large cities, still unsaturated markets and untapped demand characterize these countries. In addition, according to Welsh, Alon, and Falbe (2006), a legal system aims to protect the relationship between franchisors and franchisees. Nevertheless, in emerging markets, franchisors have the possibility to expand geographically without requiring large investments (Stanworth, Price, & Purdy, 2001; Welsh et al., 2006).

The franchising system involves intense relationships between franchisor and franchisees, where the franchisor has to deal with the dilemma of balancing the control of its franchised units while providing them a certain level of autonomy too. In international operations, the need to control franchised units intensifies, given the geographical distance and cultural, economic, political and social differences among the diverse markets. The greatest difficulty of controlling lies in the provision of services, which creates a dependency and constant interaction between employees and customers (Fladmoe-Lindquist, 1996; Chen, 2010). The control exerted by franchisors occurs both formally and informally with regard to the franchisees. Formal control mechanisms include rules, regulations and penalties established by franchising agreements. On the other hand, informal control mechanisms depend on the sharing of beliefs and values between franchisors and franchisees (Felstead, 1991; Altinay, 2006; Clarkin & Swavely, 2006; Koza & Dant, 2007).

One of the strategies used by Brazilian franchise chains to increase their recognition in the domestic market is the internationalization of the brand. The presence in international markets shows how to add value in the domestic market by associating the international process to the development of skills and innovations that benefit not only the franchise chain, but also the consumers of the specific brand (Macedo, 2011). In addition, international operations tend to generate greater recognition for firms in the domestic market as well (Eren-Erdogmus, Cobanoglu, Yalcin, & Ghauri, 2010). The effort to develop the brand in international markets is a corporate strategy adopted by companies that constantly seek for a better quality perception of

their brands. It is however important to point out that the international presence of a certain brand is strongly correlated to better quality products and higher reputation, which leads to a better sales performance (Steenkamp, Batra, & Alden, 2003; Holt, Quelch, & Taylor, 2004). Such correlations could be proved through a study involving American and Korean consumers (Steenkamp, Batra, & Alden, 2003).

2.6 ENTREPRENEURSHIP

Understanding the concept of entrepreneurship implies to refer first to Joseph Schumpeter. For him, it was not the maximization of Profits that explained corporate behavior, but the attempts: “(...) to handle with a situation that will surely change soon – an attempt by companies to remain standing on land that slides under them. In other words, the problem that is typically seen is how capitalism manages existing structures, while the problem relevant is how it creates and destroys them” (J. Schumpeter, 1950, p. 84).

Schumpeter created the concept of *creative destruction*. This concept is what keeps capitalism flowing forward, conducted by the entrepreneur. For Schumpeter the person with the idea of the business is the entrepreneur:” What did the entrepreneurs? They didn’t accumulate goods, didn’t create means of production. But they employed the existing means of production in a different way, a more appropriate way, more advantageous. They "have implemented new combinations" (...) and your profit, the surplus, to which no debt corresponds, is an entrepreneur profit (J. Schumpeter, 1934: 132). For Schumpeter an entrepreneur was someone that implemented an idea of a new product, new business model or a new way to do things that are already done.

From the viewpoint of Mintzberg and his colleagues, the Entrepreneurial School has its main focus on vision. Henry Mintzberg in 1991 said that the strategic thinking, the so called vision, is divided by factors in three pairs existing a seventh one that bind them, in the structure of the strategic thought. Mintzberg says that the forward thinking has to be connected to the past. As stated before: “(...) at any point in time, firms must follow a certain trajectory or skills development path. This path not only defines what choices are open to a firm today, but it also imposes limits around which its most likely internal repertoire built in the future will be determined” (Teece , Pisano , Shuen , 1997, p 515 .). This means that a company has to look

back in order to understand where it has to go in the future. Moreover, there are a lot of strategic minds that argue that the strategic thinking is to see from above in order to see the big picture. Mintzberg emphasizes the point that it's also important to watch from below. Seeing from below is comprehended as going in the field to know the details, and how things actually work. How can someone understand what is a forest if only flew over it? Even though a person can see forward by looking back, and see from above by looking from below, this is not enough to be a strategic thinker. Between other things, creativity it's necessary.

A strategic thinker has to look to the sides, the so called lateral thinking, to see value where others don't see it, contest conventional wisdom and with that distinguish their organizations.

Other important point referred by Mintzberg is to *see beyond*. By understanding the past a strategic mind has to be able to intuitively predict an expected future to put into context the creative ideas.

The last element of Mintzberg's strategic vision is to *see through*. To give utility to all these types of visions, a strategic thinker has to be able to *see through*.

This strategic thinking allows entrepreneurial leaders to be always attentive to opportunities offered by the market. The vision of an entrepreneurial leader allows designing the future starting from past events and makes teams to develop features of proactivity to achieve pre-established goals. Other authors also give their contribution to enrich the Mintzberg team's studies. Pinchot (1985) understands that it's possible to find in certain organizations employees with characteristics of an "intra-entrepreneur". This role is assigned to the persons taking strategic initiatives within organizations that successfully innovate, identify and create new business opportunities, assemble and coordinate new combinations or arrangements resources to add value to a particular brand. The Entrepreneurial School emphasizes critical aspects of strategy formation, and gives a special look to its proactive nature and role that personalizes leadership and vision in organizations.

In 1959, A. H. Cole defined four distinctive types of entrepreneur: The innovator, the calculating inventor, the over-optimistic promoter and the organization builder. These entrepreneur types are not related to the personality of the entrepreneur but more to the

type of opportunity the entrepreneur will inevitably be attracted to and the problems that they will face (or so Cole thought).

Therefore, although being an entrepreneur was originally associated to people that started their own business, this expression was gradually amplified to describe not only the business starters, but also to describe several types of personalized, proactive and determined leadership inside organizations.

2.7 THE ENTREPRENEURIAL PERSONALITY

Stevenson and Gumpert suggested that when it comes to decision making a manager and an entrepreneur have a different set of questions: “The typical manager questions: which resources do I control? Which structure determines our organization's relationship with its market? How can I minimize the impact of others on my performance capability? What opportunity is appropriate? The entrepreneur tends to ask: where is the opportunity? How to take advantage of it? Which resources are necessary? How do we gain control over them? What is the best structure? (1985, 86, 87).

Relating to the “strategic orientation”, Stevenson and Gumpert describe the entrepreneur as being “constantly synchronized with environmental changes that might suggest a favorable opportunity (87)” (...) besides that, entrepreneurs “quickly pass from identifying an opportunity to chase it (...) (88) Hence, Their actions tend to be “revolutionary, envisioning more the short-term (...) (89).”

Mintzberg (2000) identifies four characteristics of “entrepreneurial personalities” that act in the formulation of the organizational strategy:

1° - In the entrepreneur criteria, it's observable that the generation of strategies is dominated by the constant search of new opportunities and when problems arise they are secondary and must be solved immediately.

2° - In the entrepreneurial organization there is a centralization of power in the main executive. He or she is the person the capable of creating the commitment in the organization to take bold actions. In that case, the vision replaces any pre-defined scheme.

3° - Strategic generation in the company means to give big jumps ahead, in face of uncertainty. The strategy in that case is to move ahead when it comes to decision making, it's necessary to make "audacious actions".

4° - Growth is the goal of every entrepreneurial organization, which makes the entrepreneur to be moved by the necessity of accomplishment.

2.8 VISIONARY LEADERSHIP

In the visionary feature of the Entrepreneurial School, Mintzberg expects that at any moment a great leader will appear to save it. This leader is someone with exceptional vision and adopts strategic plans when necessary. It is possible, for example, to see the company as the best of all in their segment within a certain period of time. It's important to know that the vision is present and that the company adopts formal and informal plans to achieve it.

"A vision is something that appeals... It's also notable that a vision always refers to a future state, a condition that doesn't exist now and has never existed before. With a vision, the leader gives the important bridge from the present to the future of the organization" (Warren G. Bennis and Burt Nanus, *The Strategies for taking charge*)

2.9 ASSUMPTIONS OF THE ENTREPRENEURIAL SCHOOL ACCORDING TO MINTZBERG (2000)

Mintzberg summarized the work of leaders, entrepreneurs and managers into six relevant topics:

1° - In the leader's mind exist the strategy as a perspective, as the direction to be taken, and that can be translated as the long-term direction that allows the visualization of the organization's future.

2° - The organization's strategic plan formulation is deeply connected to the leader. It is through him or her that the plans or strategy to be adopted gets known. In the best of the hypothesis, the strategy formulation is semi-conscious, counting with the leader's intuition and experience.

3° - Is through the leader that every collaborator gets to know the strategy to be adopted and when it's going to be implemented. The leader promotes its vision keeping control and reformulating when necessary.

4° - Flexible strategic vision allows the visionary leader to have absolute liberty to act and establish compensating relations to the organization. An emergent and deliberated global view from which the details enroll, including specific strategic positions

5° - The organization should be equally flexible, with a simple structure sensitive to the leader's directives. Many power procedures and relationships are suspended to concede the leader liberty to change and act.

By adopting an entrepreneurial strategy the company assumes a featured position and it's able to have a highlight position in the market and protect itself against direct competition.

2.10 BRAND MANAGEMENT

“Building a strong brand is the goal of many organizations. Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favorable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness, and licensing and brand- extension opportunities” (Keller: 2001).

For the purpose of this paper a brand will be defined accordingly with the definition in *The American Marketing Association*, cited in Kotler&Gertner that goes as follow: A brand is defined as a “name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”

A brand includes tangible and intrinsic qualities such as physical appearance, performance data, package and guarantees attached to it (Aaker & Biel: 1993). Moreover, a brand is also about perceptions. The customer perception about a brand translates into beliefs and

expectations about the quality, price, environmental and social obligations that a company is supposed to address, according to the customer's mind. Failing in these can translate into a loss of intangible value, where the customer/segment no longer identifies with the brand.

Brands differentiate products and represent a promise of value, they give beliefs, evoke emotions and prompt behavior (Kotler and Gertner: 2002). The challenge for marketers is to ensure that the customers have the right type of experience with the product and services and to market it in the right way to make the desired thoughts, feelings, images, beliefs, perceptions and opinions linked to the brand (Keller: 2001).

2.11 BRAND-BUILDING

In order to understand how a strong brand can be built, one can use Keller's Customer-Based Brand Equity model (2001). In this model Keller defines four important steps to build a strong brand:

- Ensure identification with the brand with the customers and an association of the brand in the customers' mind with a specific product class or customer need.
- Firmly establish the brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations.
 - Elicit the proper customer responses to this brand identity and brand meaning.
- Convert brand response to create an intense, active loyalty relationship between customers and the brand.

Keller (2001) uses four fundamental questions that customers ask about brands:

- Who are you? (Brand identity)
- What are you? (Brand meaning)
- What about you? What do I think or feel about you? (Brand responses)
- What about you and me? What kind of association and how much of connection would I like to have with you? (Brand relationships)

Brand Building Blocks	Brand Building Steps	Key Criterias
Brand Saliency	Identity: “Who are you?”	Deep, Broad Brand Awareness
Brand Performance Brand Imagery	Meaning: “What are you?”	Strong, Favorable and Unique Brand Associations
Consumer Judgments Consumer Feelings	Responses: “What about you?”	Positive, Accessible Responses
Consumer Brand Resonance	Relationships: “What about you and me?”	Intense, Active Relationships

Table 1: Stakeholders’ involvement in the process of building and maintaining a destination brand – Keller’s model

There is a necessary sequence to follow in brand creation. Keller (2001), calls it a “branding ladder”, meaning, a brand cannot be established unless identity has been created; responses cannot occur unless the right meaning has been developed; and a relationship cannot be forged unless the proper responses have been elicited.

2.12 BRAND IDENTITY

A brand can be considered as representing an identity for the producer and an image for the consumer. The brand identity characterizes the self-image and desired market image, while the brand image signifies the actual image held by consumers (Pike, 2004).

The brand identity is then what a company is by its own definition and vision, which creates the image perceived by the consumer. A company has to be loyal to its identity, this identity is what they want to communicate to the customer, a clear and consistent identity is essential to create an image in the consumers’ minds.

Kapferer (1995; 2004) has developed the first conceptual model concerning brand identity building. The model lies on six identity features: physique, personality, relationship, culture, reflection, and self-image. These six facets together form the brand identity:

Physique: refers to the physical characteristics and qualities of the brand; the products that are offered. In this case the products features and characteristics, like the health benefits and sustainable and green ways of production.

The personality facet represent what kind of person the brand would be if it were human.

Personality: is described and measured by the human personality traits that are relevant for brands. If the product attributes are similar for competing brands, brand personality may create a basis for differentiation. Hence, one can think what kind of person the brand would be if it were human. A peaceful, healthy and environmental conscious are traits applicable to a real live Mundo Verde person.

Culture: refers to the set of values that feeds the brand's inspiration. What does the brand stand for and in a general way what is the way of doing things. Vision and mission statement can be a good way to understand the company's culture.

Relationship: "(...) describes the mode of behavior that most identifies the brand and has several implications for how the brand acts, delivers services and relates to its customers "(Kapferer, 2004). How does the brand interact with its customers? How are the products getting to the customers? By sustaining a positive relationship with its customers a brand can add value to its image. In a franchise by creating a common way to treat and receive clients through all franchisees can be a way to differentiate and empower the brand. A customer knows how is going to be treated in the store which creates a sense of familiarity and knowledge about the brand.

Reflection: refers to the brand's customer reflection, and who are the potential and desired buyers. All brands must control their customer reflection as consumers use brands to build their own identity (Kapferer, 2004).

Self-image: refers to how the customer feels when consuming the brand.

2.13 POSITIONING

When defined how a company is going to communicate its brand, relatively to the competitors where is the brand going to be is another relevant aspect that has to be dealt with. "A brand position is the part of the brand identity and value proposition that is to be actively

communicated to the target audience and that demonstrates an advantage over competing brands” (Aaker: 1996, cited in Pike: 2004).

“Positioning is the development of a service and a marketing mix to occupy a specific place in the minds of customers within target markets” (Morrison, cited in Morrison& Anderson: 2002). Effective positioning of a brand can enable easier decision making for the customers and a source of competitive advantage (Pike: 2004). It requires a succinct, focused and consistent message (Pike& Ryan: 2004). Wrong positioning of a brand can hard competition with stronger brands, a position of little demand, a confusing position where the distinctive competence is unclear or even no position, where the product is un- known in the market (Lovelock: 1991, cited in Pike: 2004). Not having a clear positioning and being “stuck in the middle” can be a very dangerous place to be (Pike: 2004).

The brand must be presented to the market in a unique way in order to stand out when compared to competitors. Differentiation is important to minimize the substitutability of the products. Products with the same characteristics, are differentiated by the brand even though the necessity is fulfilled equally using any of them. “A brand is a set of mental associations, held by the customer, which add to the perceived value of a product or service (KELLER, 1998)”. These associations should be unique (exclusivity), strong (saliency) and positive (desirable). (KAPFERER, 2004, p10).

2.14 BRAND-BUILDING SUMMARIZING

From the explanation above is possible to understand that there a series of logical steps for brand building. Keller (2001) gives us a summary of these steps: (1) establishing the proper brand identity, (2) create the appropriate brand meaning, (3) eliciting the right brand responses, and (4) forging appropriate brand relationships with customers. Keller (2001) specifies: “(...) building a strong brand involves: establishing breadth and depth of brand awareness; creating strong, favorable, and unique brand associations; eliciting positive, accessible brand responses; and forging intense, active brand relationships. Achieving these four steps, in turn, involves establishing six brand-building blocks – brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance.

The base of this model is that: “the true measure of the strength of a brand depends on how consumers think, feel, and act with respect to that brand” (Keller, 2001).

The customers have a lot of power over the brand. It is through their knowledge and their experiences with the brand that they will end up taking a certain action and attitude towards the brand that will allow the firm to take full advantage of the brand equity.

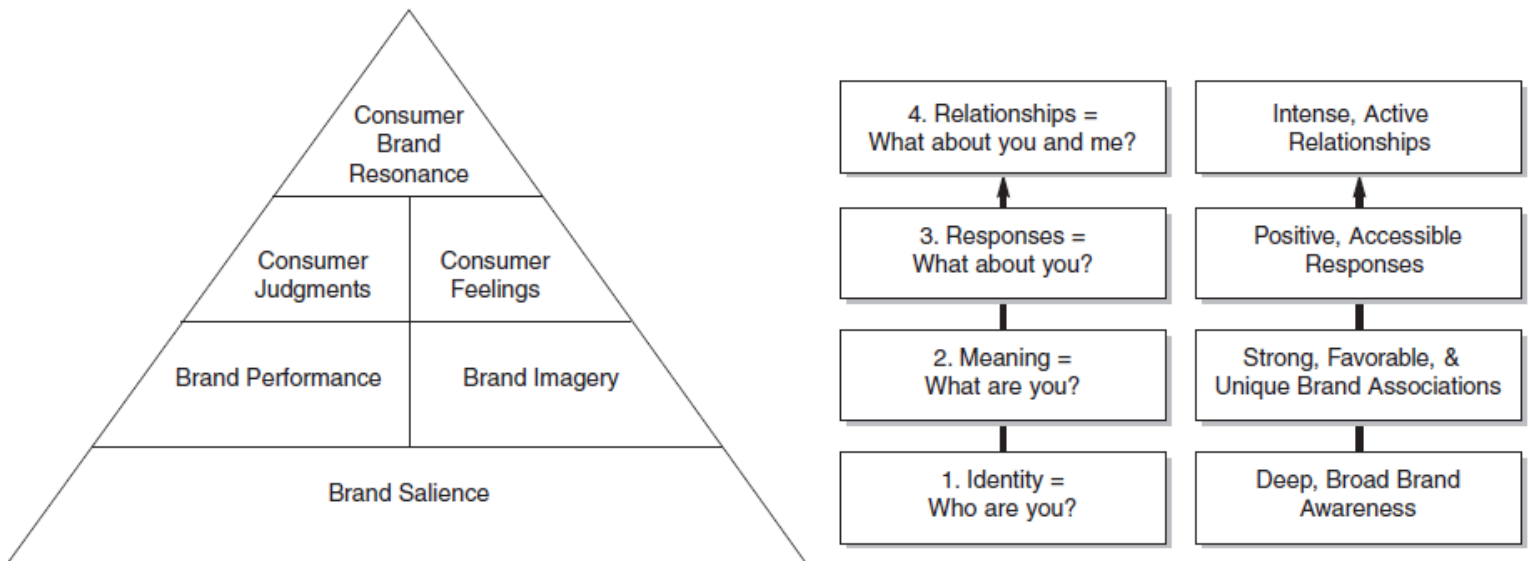


Table 2: Customer-based brand equity Pyramid

2.15 BRAND EXPANSION

There are four ways to strategize for growth: increase the share that a company holds in the markets that is strong in; develop new products for those markets; extend the reach by finding new markets for current owned brands; and develop new products that accommodate to new markets.

But while the strategies themselves are well-known, the capacity to expand is of course directly proportional to the capacities to generate demand and to fulfill. It’s tempting to pluck a number that’s x percentage points above organic evolution.

Mark Di Somma, Creative strategist with over 20 years of experience helping senior decision makers, brand owners and brand agencies define, articulate and elevate brand value.

The currently Leader at “The Audacity Group” suggests 7 factors to look in order to navigate a responsible course between stretch and over-reach:

1. Access – will the distribution strategy tolerate the firm to grow volumes of either existing product lines or new lines to the extent it needs to? If reach is limited and stationary, the ability to physically deliver into market will bottle-neck. What have the company done to create more access – and is doing so in keeping with the brand’s position in the marketplace?

Brad VanAuken, a brand strategy consultant and a brand Aid Author, presently is working in Rochester Institute of Technology, The Blake Project and BrandForward, Inc. points out that the distribution contributes to customer brand insistence in two ways. First, it increases brand accessibility so that brand preference is more likely to be transformed to brand purchase. Moreover, it increases brand exposure, which increases brand awareness. The only situation in which extensive distribution may not be appropriate for the brand is if it is positioned using a differentiation strategy.

Will it be available, not available or too available as a brand for the targets the company is setting?

2. Speed – is it possible for the company to deliver enough products quickly enough to meet the demand? This is about pure fulfillment. But at another level, it’s about making sure that the firm has paced the introduction of new products and the upgrade of current offerings at just the right speed to avoid simply trying to enforce more and more of the same kind of products into market.

How has the company timed its innovation/improvement program to coincide with the expansion plans? If it goes too slow, the brand will lack dynamism. If it goes too fast, there is a high risk of flood consumers’ minds with too many options and end up cannibalizing the company’s own products.

3. Support – are the communications timed and enough to drive growth at the pace and intensity it requires and wants? Nowadays this is a big challenge, getting enough cut-through for the brand to be heard at the same time as it continues to sustain and refresh the messages to keep consumers’ connected.

There is an increasingly number of brands that need to be planning *waterfall* communications that maintain messages but, present new points of interest over the medium term. Also, brands need to have a resource ‘buffer’ in reserve to address any lag. It’s very

important to conscientiously balance maintenance of the growth ranges, introduction of new developments and offers, the planned withdrawal of communications support for dying lines and the responsive communications needed to plug holes or fades.

Is the company saying enough about the right things to the right people at the right times with the right weighting in the most motivating ways to generate the results it wants?

4. Interaction – how is the firm guaranteeing that its social feeds are more than just circumstantial? How is the company achieving the right balance between the short-term exchanges that Twitter and Facebook are so good for and the longer-term commitment of reinforcing relevance? What metrics have the firm put in place to ensure that the social conversations are stimulating interest in all the products and upcoming releases, without compromising the social channels?

At the other end, is the brand just chatting with the customers or is actually creating any value to the brand?

5. Volume – once the company has generated the demand, will it be able to fulfill it? Companies usually always look for sell more and conquer bigger markets but, scale isn't always the solution to grow. Occasionally, a brand should be looking to be valuable rather than common. Especially, considering the necessary resources to fulfill big markets.

Marketers need to focus on “What do we get for going there in greater quantities? And what do we gain if we don't?”

How much is enough when it comes to the brand retaining optimum brand value? At what supplying level do the company risks becoming too much of a good thing?

6. Understanding – the double sided knife that as markets get bigger, the consumers' demand to be treated more specifically and personally. Those demands mean some potentially substantial investments. The key questions for brands with ambitious growth plans are: Can the company grow understanding the respective market(s) as quickly if not more quickly than can the consumer understand itself? If achieved, can it keep feeding that inflated community with the levels of service and experience that they now anticipate?

Big authors from the travel industry advice companies to focus on customers, not on channels; Win in the era of 'big data'; Unlock the power of partnerships (The success here comes from finding synergies with other companies) and Master the entire customer experience.

How will the company stay charmingly one-on-one as it expands? What does the company know about its clients that competitors don't?

7. Responsibility – what compromises will the firm need to make in order to achieve the growth it is targeting? Does it depend on itself sourcing from lower-wage countries, for example, compromising environmental values or adding ingredients to the products that are considered harmful or unhealthy? Does it come at the expense of diversity goals or other responsibility targets?

What's the potential cost of growth the company's social reputation?

Brands remain addicted to growth. (In time, Mark Di Somma's view is that everyone will have to question that, because the environmental consequences debate will become increasingly important). Meanwhile, growth continues to be the metric that so many look to for proof that marketers are doing their job well and that businesses are strong. In the 12 months ahead, what level of growth is the company going to commit to, that enables the brand to grow at a realistic pace, retains the customers it has, introduces new advocates to the brand community and continues to safeguard and enhance its brand's immediate and long term reputation? (Mark Di Somma, 7 Key Considerations for Brand Expansion, 2014).

2.16 INTERNATIONALIZATION

2.16.1 INTERNATIONAL ENVIRONMENT

The international environment is both a major opportunity and a major threat. On one hand, the existence of huge new markets and the possibility of gaining access to new resources and new core competences provide opportunities for an organization to enlarge its domain and create more value to stakeholders. On the other hand, international forces make the organizational environment more uncertain and difficult to predict and control. As companies are increasingly drawn into competition both at home and abroad, the environment becomes increasingly complex (there are greater number of forces to be managed, and the forces are interconnected) and increasingly dynamic (the forces change rapidly) (Garret Jones, Organizational Theory, p.232).

Whenever an organization confronts the international environment, it has to manage forces that are similar to the ones that operate in the domestic environment. These forces,

however, differ from country to country and from region to region and, thus increase the complexity of transactions in the organization's specific and general international environments (Garret Jones, Organizational Theory, p.232).

The specific international environment is composed by the customers, distributors, unions, competitors, suppliers and government. The general international environment is composed by demographic, cultural and social forces, technological forces and economic forces. Basically in the specific international environment are outside stakeholders that directly affect an organization's ability to obtain resources. In the general international environment are forces that shape the specific international environments of all organizations environments (Garret Jones, Organizational Theory, and p.236).

By internationalizing a company is trying to create value through global expansion, Garret Jones identifies four major steps in order to do so:

- 1st- Transfer core competences abroad;
- 2nd- Establishment of a global network;
- 3rd- Gaining access to global skills and resources;
- 4th- Use global learning to enhance core competences;

2.17 VALUE CREATION THROUGH GLOBAL EXPANSION

When a company is trying to create value through global expansion, according to Garret Jones there are four major steps that must be followed:

- 1st- Transfer core competences abroad;
- 2nd- Establishment of a global network;
- 3rd- Gaining access to global skills and resources;
- 4th- Use global learning to enhance core competences;

Value creation at the global level begins when an organization transfers a core competence in one or more of its value creation functions to a foreign market in order to produce cheaper or improved products that will give the organization a low-cost or differentiation

advantage over its competitors in the foreign market (Garret Jones, Organizational Theory, and p.236).

It's important to take in consideration all the variables in the specific and general environment before choosing where the company is going to internationalize, in order to understand if the conditions in that specific environments are going to enhance or weaken the company's advantages.

Then the company can establish a **Global Network** – sets of task and reporting relationships among managers, functions, and divisions that link an organization's value creation functions I the countries in which factor costs (The costs of raw materials, unskilled labor, land, and taxes) are lowest (Garret Jones, Organizational Theory, p.236).

An organization can also establish a Global Network of distributors to sell and service its products. The access to foreign consumers that a global sales network brings can result in a huge sales volume, which, in turn, allows the organization to manufacture very large quantities of good, realize global economies of scale in production (Garret Jones, Organizational Theory, p.237). By having a global sales network a company can also gather a lot more consumer data, to understand specific and general preferences around the world, which can lead to a better product development and improvement.

Each country has unique economic, political, and cultural conditions, different countries have different resources and skills that give them a competitive advantage (Garret Jones, Organizational Theory, p.237).

By setting up global activities a company gains access to knowledge that will allow them to improve their core competences. The access to global resources and skills that a global network provides exposes an organization to new ways of improving itself. After an organization masters these new skills, it can transfer them to its domestic base to enhance the core competences and then transfer its enhanced competences back to its foreign operations to increase its competitive advantage abroad (Garret Jones, Organizational Theory, p.237).

The global strategist's task is to build a platform of capabilities culled from the resources, experiences and innovations of units operating in multiple locations; transplant those capabilities wherever appropriate; and then systematically upgrade and renew them — ahead of the competition.

STAGE	EXPLOIT	ENHANCE	RENEW
Strategic objective	Leverage existing capabilities in new markets.	Develop complementary capabilities that can increase the power of existing capabilities.	Create a virtuous cycle that allows the company to renew its capabilities — and through them gain a stronger competitive advantage.
Boundary conditions	Existing capabilities should be relevant, appropriable and transferable to the new market.	Newfound capabilities should be complementary to the existing set and be appropriable and transferable.	New capabilities should have the potential to shake up the status quo and set off a new round of upgrading of capabilities.
Best for	Companies that are internationalizing by entering new markets	Companies that have entered a number of markets but are still building their overall competitive advantage	Companies that are at an advanced stage of global strategy development
Organizational architecture	Led from the company headquarters	Increasing importance of subsidiaries and stronger relationship between headquarters and subsidiaries	Distributed network
Nature and direction of the relationship between headquarters and subsidiaries	From the center to the subsidiaries	Subsidiaries gain in importance. They need to understand the existing sources of advantage to succeed locally and work with headquarters to integrate newfound capabilities into a global core capability.	Bidirectional
Sustainability	Short-term	Medium-term	Long-term
Challenges	Identify markets where existing advantages are relevant.	Identify assets and capabilities that can complement the existing core sources of advantage.	Maintain the continuous reinvention cycle.

Table 3: Global Strategy from a Capabilities Perspective

3 METHODOLOGY

3.1 INITIAL CONSIDERATIONS

Before developing the methodology aspects used in this teaching case study, it's important to go back to the problem and objectives of this work in order to understand the structure.

“The business strategy becomes to focus on the resources that provide competitive advantage in terms of profits above average. However, the market power that is capable of generating profits also possess its bases on the firms' resources, as it depends on the entry barriers, which are based on scale economies, patents, learning curves, brand reputation, or some sort of resource that an established firm possess” (GRANT, 1991, p.117).

“(...) creating sustained competitive advantage depends on the unique resources and capabilities that a firm brings to competition in its environment. To discover these resources and capabilities, managers must look inside their firm for valuable, rare and costly-to-imitate resources, and then exploit these resources through their organization” (J.B. Barney, 1995, p.60).

By understanding how a competitive advantage is created and sustained, a company can look inside and choose the best course of actions to generate profits above average and stay ahead of competition. In a Brazilian company the available resources and capabilities can be very different from every other company in the world. This does not mean that they will underperform, rather that they have to understand how can they take full advantage of what they have available by complementing a thorough environmental analysis with the right internal analysis, which in this case is recommended as the VRIO analysis.

In this teaching case it's important to pay attention to the fact that the company is a franchise which brings up additional benefits and difficulties.

By allying and relating the above mentioned examinations to the entrepreneurial spirit and to the brand building knowledge, it's possible to define a more informed strategy, based on more accurate assumptions taken of a well conducted analysis. Hence, the student is proposed to define and prioritize the future actions of the company based on the needs, objectives, values and current performance of the company.

To define a strategy, and to support it with a plausible explanation, not only relying in gut feeling isn't an easy task. However it's important to every manager to understand how it's done.

In this sense, the job proposal for this teaching case, in which its involved the pursued objective, is to prepare a teaching case, to be used in teaching activities, to qualify future managers in aspects related to defining a strategy of growth and survival of a Brazilian company, by identifying the resources and capabilities of a specific company, combine it with the entrepreneurial spirit and brand building knowledge, complemented by the student's external analysis to create a fact based support to the newly chosen strategy. This will also allow to teach that companies are living in an uncertain world where innovation is constant and necessary, but it's essential to understand "where to" innovate in order to thrive. Lastly, the uncertainty gives the student that capability to know that although a fact based support can be created, gut feeling, experience and intuition are also part of a manager's everyday life.

3.2 TEACHING CASE STUDY

Teaching case studies are vastly used by several institutions to in a more practical manner to apply the studied theories. These case studies present a specific problem and situation to be solved given certain presented facts. Paulo Mattos Lemos from FGV says that: "The case must deal with a real problem, brought to the classroom so that students can exercise in the process of reaching a solution, properly applying the theoretical relevant concepts. "

To ANPAD (2012, p.1) "cases are relates of experiences lived by persons and organizations, of scientific interest in the business and accounting fields, adapted to teaching purposes"

A teaching case is:

" (...)A supportive educational training technology that enables significant learning through: a) reflection on one actual situation of an organization in a given period, that requires analysis or managerial decisions within an specific area of Administration or Accounting; b) a particular discipline application on multidisciplinary knowledge; c) articulation between the theoretical concepts with experienced practice in the business world; d) knowledge on the functioning of a business or part of it, as well as the managers thinking; e) transfer to other situations and participants learning through discussion of addressed situations. A case should describe a situation under review, provide information and propose questions for reflection, in order to analyze decisions made by people and organizations which led to the moment in question and

thus contribute to the improvement of their actions, and provide opportunity to improve the teaching-learning process.” (ANPAD, 2012, p.1).

A teaching case gives the opportunity to the teacher reflect with the students, leading them to a better application of the studied theories in a more practical manner, by analyzing and collecting evidence to support their decisions. This gives a better visualization on how the theories apply to the real life and their usefulness. Moreover, researchers can use the cases to practice evidence collection and situational analysis, through the elaboration of pertinent questions that combined with the right theories can lead future researchers and managers to understand better the studied economic sectors, while improving their skills and avoiding mistakes already committed by others.

The teaching cases should present facts and selected testimonials, presented in a narrative style, impartially and with no judgment calls. The situations should as recent as possible, in order to the environment analyzed where the decisions were made to be as similar as possible to the current one and to create uncertainty relatively to the future, a constant factor in every decision of every manager. The case shouldn't have any citation, bibliographic revision or theoretical ground in the text (ANPAD, 2012, p.1; ROESCH 2011, p.1).

The narrative should offer a certain degree of complexity with qualitative and quantitative elements, in way that makes necessary an attentive analysis to develop analytical capabilities (AVRICHIR, 2013, p.1).

3.3 STRUCTURE

The text, usually around ten pages, is commonly structured using subtitles that contemplate the following items: summary, introduction, history, organization, environmental and managerial conflict description (Sylvia Maria Azevedo Roesch, “Como Escrever Casos para o Ensino de Administração”, 2007).

The summary, in less than ten lines, should contemplate the organization (name, field, place), announces the protagonist (full name and position), and specifies the protagonist dilemma (establishing the time frame). The summary also suggests the application of the case in some disciplines and courses. The names can be fictional. (Sylvia Maria Azevedo Roesch, “Como Escrever Casos para o Ensino de Administração”, 2007).

In the first paragraph, information on which situation requires the analysis or the decision making is found. Here the writer identifies the protagonist, locates the reader in time and space, the type of business, the company's product and the market in which operates, as well as the protagonist conflict. (Sylvia Maria Azevedo Roesch, "Como Escrever Casos para o Ensino de Administração", 2007).

The sections dedicated to the history, the organizational structure and to the market, can be arranged in several ways. This way, the conflict nature in question indicates if it's important for the reader to look to the organizational structure or to just one single department. The same happens in reference to the fabrication process, marketing strategies or to the market share of the firm, between other items. It's very important to narrate the events in the sequence that created the current problems. (Sylvia Maria Azevedo Roesch, "Como Escrever Casos para o Ensino de Administração", 2007).

The protagonist's conflict or dilemma – that has been announced in the case introduction – is the more important section. Here the problems appear as well as the recent tries of the protagonist to solve them. The text ends with some placed questions to challenge the discussion between students.

3.4 RESEARCH APPROACH

Depending on the "problem's nature that one wants to study, the questions and objectives that orient the investigation, the option for the qualitative focus becomes many times more appropriate"(GODOV, 1995a, p. 63). Obviously, for the same reasons, the quantitative focus can be more appropriate.

This work isn't intended to answer any research question or to create a hypothesis. Its end use is practical: to provide a teaching case and also the theoretical ground to be used during the activities that involve the technique of the teaching case study. Hence, it is said that the research in focus is applied (VERGARA, 2007, p.47).

To the purpose of this case study there was a search for qualitative evidence that aims to provide the student with the necessary instruments to make the appropriate analysis and theoretical application. Creating a suitable tool to learn the proposed theories, it's applicability

and develop managerial skills. There was also a quantitative evidence search; however, no statistical treatment was conducted, in order to provide answers or confirmations.

3.5 IDENTIFICATION OF THE STUDY UNIT

The definition of the population to be studied is fundamental (EISENHARDT, 1989, 537). Therefore, it is mandatory to define the limits and frontiers of the case as well as to choose the case study unit.

It's important to note that some methodological aspects might need revision depending on what is found as the work is being completed, so an adaptive posture is necessary relative to the study unit and chosen paths (YIN, 2014, p 1317).

The study unit, when defined, must be related to the availability and access of necessary information and, also, when needed, to the research question (YIN, 2014, 1222, 1294). Since this is a teaching case study, there is no research question, therefore it only matters the availability and access to the necessary information to complete the proposed objectives.

In this case, the analyzed company is a franchise, although the franchisees detain a certain degree of freedom and each store must possess its own resources for some activities, the main strategy is defined by the franchisor and it's common to every store, especially in this case where the standardization of all the stores is taking place, which allows to the environmental and internal analysis to be made as if the company were one, since its core capabilities and resources, in this specific case, can be transmitted to its franchisees.

The access to information through the franchisor was imposed as a limitation, but given the accessibility to a franchisee this adversity was surpassed. Hence, the information provided is considered to be valid and appropriate to write the case study. To complement this information, documental research was used as well.

3.6 EVIDENCE COLLECTION

A case study, for research or for teaching, is worth, among others, of evidence found in documents, interviews, direct observation, participant observation, registries files and physical artefacts. (YIN, 2014, p. 2800; CEZAR, 2005, p.9).

In line with the nature of the phenomenon under study, it was used data from primary sources, from field research and secondary sources, from research documentary. Usual research strategy case studies, as suggested by Yin (2001).

Given the possibilities the information was collected from primary sources, in the format of interviews and information provided by the company's franchisee, as well online information disclosed by the franchisor. Also from, secondary sources, as studies about the company conducted not only but mainly for awards purposes, information found online provided by credible institutions and online interviews.

Regarding the use of primary sources, Maria Cury and Edson Campos, published in 1997 in the *Faculty of Education Magazine* the following: "the primary sources, research and investigation, would be considered the explanatory matrix of the object under study and establish with such an object, a relationship of dependency. Thus, the sources would be self-sufficient in its capacity as explanatory matrix. The place would have the power to circulate, explaining, masterfully, the supposedly established or legitimate meanings, which insinuates itself in the field of the first meanings. It is what is observed in the resonance of installed meanings, coagulated, inert."

To test the academic validity of the information used as a secondary source, important references were consulted in order to confirm the decision taken The ANPAD (2012, p.1) under the title "Orientações para elaboração de casos de ensino", which translates to "Guiding to the elaboration of a teaching case", validates such procedures: (...) A teaching case is the reconstruction of a fieldwork situation based on organizational or consulting experience or even on documentary and / or bibliographic data, which helps in the development of competences (knowledge, skills and attitudes) in the classroom for undergraduate and postgraduate studies. (ANPAD, 2012, p.1).

The already cited work of Sylvia Maria Azevedo Roesch (2011, p.2), in the article "Como narrar um caso para o ensino" which translates to "How to narrate a teaching case" adds: "Some cases are based on published information, such as, for example, in unusual situations in the press, or extracted from the companies' websites. Others are built in the teacher's own professional experience. The cases composition that do not originate in field research don't always have the presence of characters and therefore the writer will have to look other ways to make the case "alive".

4 CASE STUDY

4.1 INTRODUCTION

Sergio Bocayuva had already several positions CEO, director, manager, planning consultant and implementer of cross-functional projects in various segments. Now current CEO of Mundo Verde, with 30 years of professional experience now being used to take Mundo Verde to a new stage of competition and professionalism.

Since 2009, Sergio Bocayuva together with the Axxon Group - Private Equity Fund, enabled the implementation of corporate governance and professionalization of the franchise by integrating the systems and standardizing all the stores together with the launch of a new company owned brand. This allows the company to control the supplying costs more effectively.

The problem is when meeting with the franchisees, he discovers that the implementation isn't going that well. There are problems with the standardization of the stores and its integration. The brand launch is going well but slowly, as the product development is having problems to find out which products should develop and more.

4.2 HISTORY AND CONCEPT

Isabel Maria Joffe is an English teacher and an iridologist - a specialist on evaluating the health condition of a person through an iris exam. The concept of Mundo Verde started to gain shape on Isabel Maria Joffe's mind while living in the United States. In order to keep her daughters away from the fast-food "diet" that was already very popular in the United States at that time, Isabel started to study nutrition, vegetarian food, and natural medicine with the objective of offering her daughters a healthier and cleaner diet. She started to frequently take health and nutrition courses and began researching deeply about the subject. The first glance of Mundo Verde started at her own house where she implemented a healthy diet with natural and organic products for each of her family members.

The family was forced to return to Brazil when Isabel's mother was diagnosed with cancer. This return allowed them to realize there was a void in the Brazilian market regarding the health and organic products segments. The family then decided to develop an entrepreneurial

project unique in Brazil, Mundo Verde. The founders wanted to include the word “verde” (green) in the name, as they believed that represents hope, health, and ecology. The name Mundo Verde was actually suggested by their 7-year-old daughter. The idea encompassed quality of life inside and outside the work atmosphere and includes the environment, housing, health, safety, leisure, family ties, and most importantly ethics in business and personal life. Isabel’s entrepreneurship example is a striking force in the network, which aims to seek franchisees that identify themselves with the lifestyle offered since its inception.

In an interview for the Brazilian website *suafranquia* Isabel states that: "Mundo Verde was a dream to bring quality to food and to people's lives. Promote wellness culture, disseminate and strengthen the respect for the environment, consumer awareness, and social responsibility and citizenship. Today, Mundo Verde has become a lifestyle, of positive things, healthy and good for the planet. For us, before being big deal, it's a way of looking at life and the world. "

4.3 GROWTH

Together with her husband, Elisio Joffe and her brothers, Jorge e Arlindo Antunes, Isabel founded a small 25m² store with only one employee in the city of Petropolis that is situated in the mountains region of Rio de Janeiro state. This store was a unique concept in terms of convenience stores for natural, dietetic, esoteric products, aroma therapy, music, and even books. The world was starting to desire a healthier lifestyle, Brazil being no exception, and the number of clients didn’t stop growing. Especially Cariocas – people from Rio de Janeiro – were very fond of the concept. Three years after the company’s foundation the brand was registered and its now registered in more than 50 countries.

The option of using a franchise system gave the company the possibility to quickly spread and grow. Allaying variety to quality, good product information, and great customer service made Mundo Verde name to spread across Brazil, and in 1992 a business man from Nova Friburgo contacted the family showing interest in opening a franchise of the store. Hence, the first store franchised was inaugurated in Nova Friburgo, also in the carioca’s mountains region. The growing desire for better eating habits, a healthier lifestyle, and a less polluted world was an excellent ally to the company’s growth.

In 2007, the first international stores were open In Portugal and Angola, expanding the brand's name overseas.

The year of 2008 was one of the best years to the store as they enjoyed growth of 16.6% in terms of physical network and growth of 9% in billings. At this point, the company had grown to 1,200 employees. This positive result was the reflection of the presence on new markets and the internationalization of the brand.

In 2009, the network was bought by the Axxon Group and by a group of former executives from the financial market. Since then the company is under the command of Sergio Bocayuva, former executive of banks like Citibank, Garantia and Modal, now current president and partner of Mundo Verde. Also in 2009, the biggest Mundo Verde store was opened in São Paulo, offering around 9,000 different items in a 210m² area.

In 2012, the company has advanced 40% in sales, earned \$267 million and opened 45 new stores. Sergio Bocayuva said that the positive result was especially encouraging to company projections as it was during a year of contraction for trade. By 2018, Mundo Verde aimed to achieve annual revenue of R \$1 billion.

With continuous growth using franchising as the main tool, Mundo Verde quickly expanded over Brazil. The growth of the brand was built on the essence of the values that the brand stood for and communicated to its consumers. Now with 28 years of existence, Mundo Verde has consolidated its position as pioneer and leader in the concept of healthiness and sustainability. With 335 stores, it's the biggest franchise in Latin America according to the Brazilian Association of Franchises. Mundo Verde stores receive more than 150,000 clients daily searching between more than 10,000 different products offered by the more than 1,200 suppliers. Mundo Verde also has a quarterly magazine focused on sports, environment, diets, and ecotourism.

4.4 MORE THAN A STORE

Isabel believed that a store is more than a place where clients buy and leave. For her the brand should develop a relationship with their clients in order to build trust and loyalty with the brand. Mundo Verde created an experience and a variety of services that allowed the customers

to have a customized involvement. Through gaining an understanding of the client' needs, the brand could offer exactly what they were looking for.

Mundo Verde's secret wasn't just to offer a big variety of products, but also to offers a complete package to a healthier lifestyle. Today, Mundo Verde sells a product mix that includes everything from food (diet , light , whole , organic , gluten-free and lactose-free , Kosher diet), food supplements and supplements for athletes, books, classical music CDs (new age and ethnic) incense, natural cosmetics, conscious gifts, and other products for the health of body, mind, and the planet. Furthermore, the company created the Corporate University Mundo Verde. With on-line courses responsible to capacitate the collaborators that can gain incentive awards for participating and for the grades. This formation and training is very important as the sellers are consultants and are responsible to guide the client to the product he needs and desires by explaining its characteristics and offering a personalized attendance essential for the brand culture.

The attendance is one of the main points to create this relationship between brand and consumer, but it's not the only one. Mundo Verde has a service called "Alô Nutricionista" which is a strong channel to engage the customer and aggregate value to the store by offering relevant services. This service can be accessed by the customer by phone or internet by contacting one of the five nutritionists that are available to help them for free.

Mundo Verde also has its website and newsletter that display information about health and nutrition, product tips, and recipes. There are more than 120,000 people registered that receive the brand content. The presence in the social media allows the company to maintain a more constant contact with their clients, by offering promotions and cultural contests. In this line, an app was also developed that allows the customer to receive promotions and discounts, to know where the nearest store is, access all products information, report their favorite stores and products, access the news first hand, and be part of the customer loyalty program.

Furthermore there is the Mundo Verde magazine, with a circulation of 65,000 copies focused on sports, environment, food, and ecotourism. The magazine is freely distributed in the stores. Moreover, the booklets "Bem Natural" (Very Natural) and recipes are other actions focused on providing information to the public. These publications present information on natural

products, functional, organic and dietetic foods, vitamins and minerals, natural cosmetology, herbal medicine, and dietary supplements for physical activities practitioners.

4.5 BE WHAT YOU SAY YOU ARE

Mundo Verde is an environmentally-concerned brand guided by green values. This message is communicated in their marketing campaigns, also through what the store sells and provides information on. But a company can't just say they are one thing and do nothing about it, Mundo Verde has become a lifestyle of positive, healthy, and good things for our planet and they act accordingly.

Its employee's shirts are made of recycled PET bottles and since 2002, the network communicates and sells the "Vassoura Ecológica" (Ecological broom) also made out of PET bottles by communities assisted by the project "Recicla Três Rios" (Three Rivers Recycle).

In 2005, the network innovated in the market by launching the Project "Mundo Consciente" (World Aware) that values the simple and natural things, preaching responsible consumption. The symbol of the campaign was the bag World Aware, an *ecobag* made of jute (resistant plant fiber which does not pollute the environment). More than 5,000 units were sold. With this action the company was one of the first retailers in Brazil to adhere to reusable bags to replace the use of plastic bags. Recently, the network launched another *ecobag* model made with fibers from PET bottles and raw cotton handles

In 2008, the brand joined the project "Amazonia forever", and also became part of the "Sustainable Amazonia Forum", to promote actions that aim to improve the sustainability of the Amazonia communities.

Mundo Verde created and developed the project "Mundo do Faz e Conta" (Do and tell world), which promotes storytelling sessions with music, games, and art workshops with recyclable material in NGOs, charities, and public schools. During the visit to the stories teller Tia Dulce, the comic book Mundinho Verde is presented and distributed, who teaches notions of citizenship, social responsibility and environmental preservation. The project has benefited over 80,000 children in about 5,000 establishments in the past five years.

4.6 Mission, Vision, and Recognition

Their mission is to offer quality of life, responsible and sustainable consumption. Their vision is to be the world brand in wellbeing. With that in mind Mundo Verde has grown and received several awards and recognitions.

Society recognition in social and ecological investments , reflects the conquest of several awards , among them , the Awards - Social Value 2003, 2004 and 2005 , promoted by the newspaper "Valor Econômico " and Institutes " Ethos " and " Akatu " . Mundo Verde is the only company to win this award three times.

In 2004 competing with more than 450 franchises , including international, Green World received the award for "Best Brazilian Franchise " , promoted by Editora " Globe " (Magazine " Small Business , Big Business ") .

With a lot of dedication on staff training and commitment, the brand has also won in 2003, 2004 and 2005, the Seal of Excellence in Franchising awarded by ABF (Brazilian Franchising Association).

A conducted research and published by the " Journal of Commerce " in 02/06/2003 in the city of Rio de Janeiro , showed that Mundo Verde is the preferred brand of Rio with 22 % , surpassing international brands.

4.7 FUTURE

Constant growth and evolution are mandatory to any company that wants to survive. In this sense, Mundo Verde is now evolving in new ways. Giving its power as one of the best brands in the natural and organic products segment, the company has decided to use this power a launch their own products with the brand called “Mundo Verde Seleccção” (Mundo Verde Selection).

Mundo Verde’s image, both for employees as suppliers and customers, is still focused on the environment, despite the involvement in the Social Responsibility area. Such fact perhaps comes from the company's own objective of *making life better (Fazer a vida melhor)* through conscious consumption. The company's vision, as reported the franchisor partner, is that it does

not help the company to generate favorable financial results, if at the same time is damaging nature and society. Mundo Verde prepares and publishes its Social Report because it believes to be a correct way to interact with all its chain of relationships, showing the responsibility of company to customers, suppliers, the community and employees.

Through research, made by the new owners, it was possible to identify that most consumers don't recognize the brands sold at the store, they trust the store to have the best products. The company is respected among customers, who recognize that Mundo Verde's commitment within the environmental context, and even without knowing the social projects, believe that the company has involvement with social responsibility. There's evidence that consumers perceive these values, they believe that the company is doing serious work, which ends up favoring its brand. This gives the firm room to develop their own products and make the consumers to embrace them more easily.

This changes the business logic. The company use to monitor the new healthy consume trends, usually outside the country, and negotiated with the suppliers for temporary exclusiveness. Now, Mundo Verde develops the product and produces it through outsourcing.

The first items went to the shelves in 2012, and now there are about 75 products of their own brand. The goal is to reach 600 network products in 2018. According to the article in *economia.estadao.com.br* a big marketing investment (R\$ 2,7M) was made to promote the new brand line. A TV commercial was made that promotes the brand and it was aired on cable TV channels.

A supplier's revision was made after the unification of the stores. Each store had the autonomy to close deals with the suppliers which generated unnecessary costs and made the standardization of the stores harder. With fewer suppliers, Mundo Verde can take advantage of its scale to make better deals.

Mundo Verde has advantages over the other retailers of healthy and organic products due to its specialization, exclusiveness, and innovation in the sector, explains the Alberto Serrentino a consultancy partner from GS&MD.

In order to almost quadruple in size, the new management has two main strategies. The first strategy, which is nearing completion, is the integration of the systems. Despite being on the market for 25 years, with stores in several regions of the country, Mundo Verde wasn't monitored until recently. Currently 87% of sales are already monitored and the administration uses the data to point marketing campaigns in the right direction. The second strategy of the company is the already mentioned production of an own line of products. Sergio said: "We found the strength of our name when we did a survey to our customers and many admitted not even remembering the names of the brands they buy at our stores". Mundo Verde has now around 150 items from its new brand "Mundo Verde Seleção", which should represent around 20% or 30% of the portfolio in about five years.

4.8 PRODUCTS

Mundo Verde has a very diverse selection of products. It's a store connected to every aspect of health and well-being. Their products are all natural, from supplements to athletes, vitamins, organic vegetables, to self-help books, relaxing music CD's, *Zen* decoration items, teas to prevent, take care and relief of diseases, kosher food, Oriental products (Two cultures known for being close to the nature by using natural methods to cure diseases, cook their food, etc.) and natural cosmetics. Recently the brand has launched their own line of products. These products are all related to food, supplements, teas, seasonings and vitamins.

The store offers a complete package of products related to almost every aspect of health. The definition of health in this particular case, is not only relevant to preventing and curing disease, but also refers to a state of mind, state of the body and state of good energies. Some of the products sold at the store's value are reliant on the spiritual beliefs of the consumer such as energy rocks or incenses.

Mundo Verde's website describes their products as follows: "In the Mundo Verde stores you will find the widest range of natural products, organic and for your well-being. There are several items, specially selected to offer our customers more quality of life, through a natural and healthy eating, and promote the body and mind wellness. "

4.9 THE ENVIRONMENT

The market for natural products is on the rise. In 2013, the sector had revenues of approximately R \$ 94 billion in Brazil, according to data collected by the organization of Naturaltech, annual fair in the segment of health food business. For 2014 is expected to grow 39% over the previous year, reports Green Trade.

The bull market is directly linked to greater concern with quality of life for consumers. "Natural products are here to stay, not luxury items as they were recently", disclosed Valeska de Oliveira Cire, business manager of Naturaltech.

According to her, there is room for new business in the market. However, companies are still going through a process of professionalization. "The industry began to develop only 15 years ago in Brazil. We are still babies compared to more mature markets such as Germany and the US," she says.

Despite the growing public, the price is still a limiting factor for natural products to be popularized, according to Jane Albinati, Sebrae - SP consultant (Support Service for Micro and Small Companies of São Paulo). "These products require different production processes and certifications, which reduces the scale and increases the price to the consumer," she says.

Because of this, the entrepreneur should research thoroughly and know the suppliers, according to the expert. "The consumer of natural products is idealistic and well - informed. If he finds that a product does not have origin certification, harm the environment or violates what it promises, rejection is immediate," she says.

Currently, it can be said without fear of misconceptions or generalizations, that the world is open to healthier, secure and more environmentally friendly environment. Thus, the business environment in a globalized economy has become highly demanding in responding to increasingly savvy and demanding consumers who search for healthy products. Companies now offer not only products, but they understand that they must take on more responsibility for the environment and establish "green policies" as means to gain competitive advantage. This trend in

natural and healthy products consumption originally created niche markets, settling mainly in urban centers and in specific shops. Now is gaining a new length, it has its place in the big supermarket chains, department stores and outlets, becoming another important segment of retail. And this is not confined to the food sector. The cosmetics industry has also entered the "green wave", investing strong in product research in natural biodiverse assets and today is possible to see that in almost every department store. Even the brands seen as "unnatural" cosmetic producers, as L'Oréal for example, entered in the business and are now in this market. Brazil's Natura has a specific line that uses raw materials from Brazil, taking advantage of the country's natural biodiversity, getting its inspiration in traditional knowledge, leveraging on the properties and diverse uses of native plants. Within this line the company Alia is obtaining natural ingredients in a sustainable manner in order to preserve future generations' heritage. Products are biodegradable and they are using packages that contain recycled materials that allows for refills, which in addition besides reducing the environmental impact, increase competitiveness, offering economic use of packaging.

In Brazil, the retail market for natural products does not have exact numbers on its size, and it's still considered immature in this sector. However, the number of stores and the expansion of networks that sell these products, as well as the investments made by raw materials manufacturers, can be observed easily, demonstrating the prosperity and possibilities of this segment. The natural products network Mundo Verde, started with a small neighborhood store in Petrópolis -RJ in 1987 and today is the largest network of franchised stores specialized in natural products in Latin America.

The fact is that the market is already visible for the naked eye. One can state that the market is entering a phase of "virtuous circle", because with the expansion comes the growth in supply, ease of access to a bigger diversity, prices go down, and with it the market tends increasingly meet the public at a much bigger scale. But this trend is still in transition to the consolidation phase. People's consumption is full of values, concepts and subjectivities that influence the consumer attitudes, making it a different consumer. Hence the importance of understanding the company's identity, what are its values and act accordingly to them and how the consumer acts and reacts in this new market.

4.10 THE MEETINGS

Its 15:30 and Sergio Bocayuva just got out of another board meeting. It was decided in the meeting that it's necessary to meet with franchisees in order to better understand the problems that the stores are facing and develop a strategic plan. Although there are periodical meetings between the company's managers and the franchisees, these meetings aimed to go deeper. Sérgio decided to gather up a team and to send them across the country, to collect information on what's happening regarding the main issues and more specific, locally related issues. He is also part of the team and wants to pass the message that the company is fully committed to solve the problems and grow, and what better way for that than for the CEO to be personally involved.

Each team member is assigned to a specific place and Sérgio is assigned to go to Rio de Janeiro. He is meeting with the several franchisees that exist in this state and the first meeting is with Raquel Ulram, the owner of two stores in Leblon, one of the richest areas in Rio de Janeiro.

On his way to Rio, Sérgio is wondering about the past decisions the firm implemented, he wonders if the company took the right course by expanding to so many different products and if that is making them lose focus or if actually helped them to increase their client base by expanding their identity. He is also concerned about their new products, they have to get them right, otherwise the name and reputation of the company can be seriously jeopardized.

Around 19:00 his flight lands and he calls Raquel to set up the meeting: They both agree to meet the next day around 10:00 am at the store, Sérgio also requested that for the store manager to be there. He wants both opinions, to get exactly what's going on.

It's 9:30 am and Sérgio is already at the store. He's enjoying a healthy breakfast in the esplanade from Raquel's Mundo Verde store. Actually this little complement to the store was Raquel's idea some years ago! She gave the idea of implement a healthy snacks place in the store, so besides selling products to cook at home, people can also enjoy some already made products to eat and to drink, from pastries to teas. He finishes his breakfast and goes to look around in the store. He sees all the different products well organized by categories, the store looks good that's for sure, but there's something not quite right. He is intrigued by the "energy rocks", he never believed in that kind of things but a lot of people do and gives the store a more natural, trendy look. He thinks the incenses and teas are a better way to give that look, the rocks are more an extra and he's not so

sure if they got that right. Are we a natural and healthy products store or a hippie store? Wonders Sérgio as he moves to the esplanade again.

At 9:50 Raquel joins Sérgio, he gets up and both greet each other:

- Good morning Raquel! – Says Sérgio politely.
- Good morning Sérgio! – Answers Raquel smiling.
- You don't mind if I take a few notes do you? – Asks Sérgio with a friendly voice.
- Of course not! – Replies Raquel with her always present good mood.
- Ok good! So, I'm going cut to the chase because we are in a tight schedule here – Raquel nods - I'm here to discuss with you the problems we are all facing! I want to understand your view of the company, what is Mundo Verde for you, what do the cariocas search in Mundo Verde, where are we performing, and we where we have to improve asap! So, please explain me what is your vision of Mundo Verde and what do you think of the cariocas perception of your stores here – says Sérgio calmly.

Raquel thinks for a bit, and she explains to Sérgio that for her Mundo Verde is about health, a green company that cares about boasting to people the possibility of a healthier lifestyle. She says that her stores are frequented by all types of people from all social classes – Sérgio thinks to himself that, that can't be accurate... the prices of the store aren't reachable to every social class and not everyone cares about health, but he lets her continue without interrupting – she explains that she believes that Mundo Verde is a zone focused business, meaning that every store adapts to the type of people that lives in its neighborhood – Sérgio smiles, but he feels a little confused, he believes she's accurate in this statement but it contradicts what she just said before, especially giving that the store is placed in one of the richest neighborhood of Rio - She continues by saying that the carioca people is a very health concerned people, since they live at the beach their bodies are a big worry, they like to look good, that's why the top sellers on her stores are healthy food, products to lose weight and athletes products to gain muscle, recovery, etc. – Sérgio nods and thinks, that now they are on to something.

- Ok, and what about our new products, what do you think? – Asks Sérgio while he takes a few notes.
- Well, I do like them, and thanks to the brand's strength and credibility people believe in them, but they are too expensive. - Says Raquel with a calm but serious face – Our clients know that the products are good, but with the crisis affecting everyone a lot of people

don't buy them, especially because some of them aren't part of the essential healthy lifestyle, are more like extras. Our own brand top seller is the "Espirulina Havaiana" the pill that basically women over 25 years old buy to lose weight.

- Where do you think we are failing, I mean, what are the most important problems that we should tackle right away?

Raquel takes a few moments to think, and then replies:

- Well, the system integration not functioning well, there are constant system failures that slow down or sails and gives us some inventory problems. Which added up to the fact that we still have to negotiate independently with some suppliers, creates difficulties in keeping the prices within an affordable price range to the majority of our clients. For some products, for example our pastries I didn't raised the prices, which led to a margin loss in these products.
- How do you see our future? – Asks Sérgio while taking some more notes.
- I believe we can have a great future, but opening stores and more stores isn't the best strategy, in my opinion, the future will depend on the franchise's investments, in the price negotiations, and assistance to franchisees. I believe that we need to be more involved in social and environmental projects, but locally! What we have so far is great, but since we are a more local business, we should impact the population that is around the stores as well, make them aware that we are here and we want to the world to be a healthier and better place, impacting zone by zone.
- That's great Raquel! Thank you for your time, I will get back to you with our plan of action! Now can you please call João Paulo, the store manager, to talk with me a little bit – Says Sérgio smiling.
- Of course, and thank you Sérgio it's really nice to see the company is highly focused on getting even better, we'll do whatever we can to help! – They cordially shake hands and Raquel goes call the store manager João Paulo.

Sérgio gets up and takes another moment to observe the store, he notices the high variety of products, even some non-healthy ones right at the entrance like chewing gums, fried potatoes snacks, and some others products that remind him convenience stores.

When talking to João Paulo, Sérgio understood that he has pretty much the same opinion as Raquel. He considers the standardization of the stores very difficult considering that

the stores become part of a neighborhood and adapt to it, he says there a lot of different people that go to the store, but mentioned that mostly women go there. He had some different views in some points though. For him the magazines are a big hit and people love it, he believes the company should focus on its own brand products instead of being concerned in opening more stores and he says local partners should be more close to the company. They talk a bit more and João also mentions the system problems and that the negotiations with the suppliers are hard because of the lack of scale. They both agreed with each other, Sérgio goes to thanks Raquel and says that the next time they'll talk he'll have a proper strategic plan developed to solve the problems and move further.

In the next two days he talks with the other store owners around Rio de Janeiro and after getting what he needed he heads back to São Paulo in order to meet with the team, gather the information and start working on a strategic plan.

When meeting with the team they start to discuss the major problems, it seems the system integration is a general problem and the stores major sellers are different especially across states, but the brand name remains strong and owners believe in the company which is a good thing. They noticed that most of the owners don't have a good training in management, their opinions, sometimes, are in the company's managers point of view, amateurs which can be a problem.

Sérgio is thinking in what Raquel said about all social classes to go to her store, at first sight, it seems unlikely, but then he remembers how the cities across Brazil are different. Rio de Janeiro is a city where exists a big mix between classes, meaning that rich people live in condominium that can be right next to a slum (favela) where the really poor people live. On the other hand, São Paulo is a more separated city in terms of social classes. The poor don't live in such close proximity to the rich, which means that the type of people going to the stores in São Paulo are very different from the ones in Rio, and this applies to a lot of other cities across Brazil. He shares his opinion with everyone else, and draws the conclusion that the standardization of the stores can only happen until a certain point! The hard part is to define where the standardization stops and the customization begins. Everyone in that room knows that customization and adaptation to the neighborhood where the store is located is one of their competitive advantages, still there has to be a common point! Sérgio quotes a famous Brazilian anthropologist Arthur Ramos:

- "Instead of races, we must therefore study cultures" (Ramos, 1979: 16).

The room looked at Sérgio quietly with an intrigued look and while he explains:

- We know that our country's culture is very diverse locally, people here don't really care about what's your religion or race, they care about how you identify and respect their culture. If you go to Rio de Janeiro you can see common traits in most people. They are usually concerned about their bodies, because they live at the beach so in their majority, they are a fit people. São Paulo on the other hand, is a city where people are more concerned on being more mentally healthy than physically healthy, due to the fact that it's a city where 63% of the multinational companies are established, it's a much more stressing city, there's a lot of money and a lot of work around here. Of course the two "types of health" are interconnected and both types of people exist in the two cities, but there are differences that we can explore! Finding the common ground is very important but to explore the differences is what will drive us to the next level, people will feel that our stores understand them and with that will be more loyal and connected to us! The challenge is to understand how can we measure and understand the differences. Where to focus on a more mental health, using our books, music, esoteric products even sponsoring yoga or meditation classes and where to focus more in the physical health providing more supplements, sponsoring marathons, etc. These are just examples to make a point people! Don't focus just on these, think outside the box!

The room is filled with a positive energy, they know they can solve the problems and the meeting is getting somewhere. The internationalization didn't go very well last time, but figuring this out in Brazil is a big help to apply it outside the country. The doubt is when will the company be prepared to do it so, or even if going now to other countries can help them to understand where they should standardize and where they should start customizing. How can they know what products to develop under their own brand and do they need/can diversify and expand their brand or if they should refocus on what they have or even cut some products off to enforce a bigger specialization on a specific sector.

4.11 FROM NOW ON YOU ARE THE CEO OF THE COMPANY

Your mission is to define the next steps that the company should follow. As a business manager you have to know the company as well as the environment in which it operates. Furthermore, you'll be requested to make some independent research on the competition and external environment of the company, in order to you analyze the alternatives and define the growth strategy that the company will follow with a complete understanding on what the company's internal and external environment.

Following it will be presented some challenges and alternatives for you, in the lead role, analyze and then draw conclusions on what should be done, providing a fact based explanation to support your decisions.

4.12 ANALYSIS OF THE COMPANY, ALTERNATIVES AND POSSIBLE DECISIONS

From the provided case and its appendixes, utilizing the theoretical frameworks that your teacher has provided to you and going back to the initial problem presented, analyze the reasons why Mundo Verde has become one of the biggest companies in its sector. Consider its competitive advantages and how they are using them to overcome competition. Your independent research on the environment and competition should be utilized to support your answer. The recommended analysis should be done through the VRIO framework (resourced based view), that is complemented with your external analysis, allows you to establish correctly and support your choices on the competitive advantages that company possesses. The theoretical frameworks that the teaching case study provides are all related to the competitive advantages that the company possesses, which will help you to identify them and understand how to utilize them.

By understanding this now you can start prioritizing to know which the most important ones are. After you can start analyzing the proposed alternatives, without being limited to them or to only one strategy, you can propose other courses of action. The alternative strategies proposed are: a) The company's strengths come from their strong brand, therefore they should focus on the production of their own products in the diverse categories; b) The company's most important

competitive advantages come from their diversity of products under the health and well-being category, therefore they should focus on the product diversity in each store; c) The company's most important competitive advantages come from their stores customization and adaptation to the neighborhoods where they are settled, so they need to improve and focus on creating different and unique programs and induce customer loyalty; d) The company's most important competitive advantages come from their capability of offering a variety of products that are still within an affordable price range, especially in this business sector, so they should focus on the supplier issues in order to gain access to more cheaper resources and products; e) The company's most important competitive advantages come from their strength inside Brazil, they have the name and reputation, now in order to grow the most important step is the internationalization; f) The company's most important competitive advantages come from their specialization on natural healthy products inside the nutrition category (Supplements, food, vitamins, condiments, etc.). Therefore this should be their focus, in order to not lose specialist status, not to be surpassed in this sector due too much diversity and lose identity.

The proposed alternatives should be carefully analyzed and then the decision comes. Present it with a well-drawn justification for your strategic decision.

In the end answer the following question: In your opinion, what are the set of distinguishable capabilities that can be turned into competitive advantages that companies from this particular sector need to have in order to thrive?

To base your proposed analysis as well as the decision taken, use the theoretical perspectives that your teacher recommends along with the support activity and the support questions presented next.

4.13 SUPPORT ACTIVITY

To make your reflection easier, you should make a SWOT analysis of the environment where the company competes and an analysis of the competition. This will give you a general vision of the conditions faced by the company and help you to conduct your analysis more accurately. You should use other sources of research besides the teaching case study. This activity will help you

to learn on how to conduct a research and to gain experience on the models used to conduct this kind of investigation.

Furthermore, elaborate on the history of Mundo Verde, its founders, directors and course followed by the company so far, with all the relevant aspects, identifying strengths and weaknesses of the organization by comparing them with the competitors.

4.14 SUPPORT READINGS

To take strategic decisions companies have to know their most important capabilities, competencies and resources in order to make the correct decisions that will turn these into competitive advantages. To do that you must have an understanding of what the competitive advantage is.

Additionally, after understanding what competitive advantages a company possesses and which ones it can gain, it's important to see which ones can give a more sustainable advantage.

Strategic decisions are also related to the company's objectives, its mission, its values and believes. In this specific case giving that the company it's a franchise it is convenient to understand how franchises work, their business model and their advantages and disadvantages.

In the national environment and especially in the international environment, the consumers' needs differ between regions, zones and even neighborhoods of the respective countries. To offer services, products and establish an identity that can attend to that diversity becomes a major challenge, nationally and internationally. In this scenario companies can choose between adopting the strategy of differentiation or the strategy of low-cost, with the intention of gaining competitive advantage.

By adapting to each country, region or neighborhood, the company is adopting a strategy where it looks for the customer identification with the brand, by responding to more differentiable demands with a more customized supply. The company maintains its basic characteristics stable, as well as its culture, its set of values and principles, but adaptations are made to correspond to a more local demand. The company utilizes a more decentralized way of acting, capacitating and giving more freedom to its managers locally.

Other companies can use a more homogenized way of conducting its business, adapting only to local legislations. They act in a centralized form, visualizing a more global or generalized market where its products can be accepted with little or no changes. This strategy is usually used when the company acts in more global cities and their expansion rate is faster.

4.15 SUPPORT QUESTIONS

- a) Due a reconstruction of the Mundo Verde's history, pointing out what you feel it's relevant to its brand identity and success.
- b) In order to understand the environments that the company is facing perform a SWOT analysis using what you found in the previous question.
- c) Mundo Verde attained its success using its competitive advantages to outperform its competitors. Using the model VRIO identify this competitive advantages justifying why you choose them.
- d) Define what resources and capabilities you believe are more important in order to the company gain and take full advantage of its competitive advantages.
- e) Describe in what values and believes should Mundo Verde focus to reinforce its brand identity.
- f) Considering its values, mission statement and vision; describe what kind of products the company should add/take from its stores and what kind of services it should provide to its customers.

- g) Mundo Verde is developing its own products. Given their brand identity, how should they conduct their product development? Do you think it's beneficial for the company to have their own line of products? Why?

- h) The company Mundo Verde has grown a lot in Brazil. Their strategy has passed by adapting its stores to a specific culture of a specific region, maintaining only a certain level of standardization. Given this, the question that is placed is: At what level should the company standardize its stores and customize them? Meaning, when should the standardization stop and the customization begin? And how is that beneficial or not to the company?

- i) Mundo Verde is a franchise company. Clearly describe three advantages and three disadvantages of using this type business model, in this specific case.

- j) Do you think it's a good idea for the company to internationalize? Why?

- k) If Mundo Verde, in a near future, intends to internationalize, in what ways can this customization strategy be beneficial?

- l) Considering all you have learned about this organization, conduct a diagnosis to the company referring to its strengths and weaknesses. Then create a strategic development plan for the company, considering its values, mission statement and vision, explaining why they should choose that particular direction.

5 EXHIBITS

Exhibit n° 1: Entrance of the store



Exhibit n°2: Entrance of the store



Exhibit nº 3: Inside the store



Exhibit nº 4: Inside the store



Exhibit nº5: Inside the store

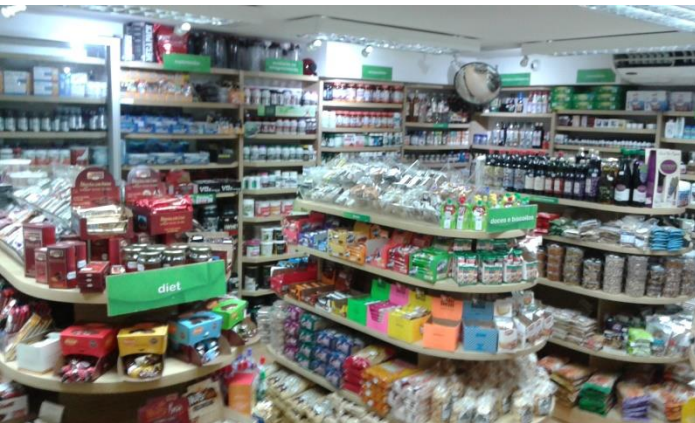


Exhibit nº6: Mundo Verde Seleção (Own products)



Exhibit nº7: Store from the outside



Exhibit nº8: Mundo Verde stores location



6 TEACHING NOTES

The proposed teaching case study is a good case especially for undergraduate students and it can be applied to several disciplines and theories. It requires independent research from the student, pre-class work and it can be used to create debates in class.

The narrative presented, is an unfinished story, in which the student at a certain point acts as the CEO of the company. The student is required to analyze a different set of possible scenarios. Then it has to decide on how the company will proceed, giving the presented challenges and objectives. The proposed questions as well as the possible scenarios to be analyzed are set in the moment the student takes the CEO role.

There is a contextualization of the possible scenarios to be analyzed and of the question set, meaning, they were incorporated to the situation that involves the case problem. The set of questions goes on a micro to macro direction. This seemed to be the most appropriate way as it allows the student to understand the company at a micro level and as the questions are answered he gains a more extensive comprehension of the situation, which in the end allows the student to look at the company in a more macro level and make a strategic decision for the company supporting his choices. Nevertheless, the teacher is free to give the case another direction. For that, he just has to subtract what is written from the moment the student takes the CEO position and assume other type of questioning.

Evidently, these notes only represent a suggestion on how to conduct this teaching case study. It is the teacher's duty to find the most appropriate path, considering its audience to which he intends to enforce the case.

6.1 EDUCATIONAL PURPOSES

The teaching case study has as educational purposes (1) to create an ambiance in which the student is allowed to apply theoretical concepts to find solutions and take decisions by observing a real world situation, (2) to stimulate independent research on a company's internal

and external environment, (3) analyze a company from a micro to a macro level in order to make logically supported strategic decisions, (4) to exercise the students 'analysis capacity on how a company searches for resources as well as identifies its competitive advantages in a way to connect them as a tool to support the strategic decisions taken, (5) Identify the importance of entrepreneurship and novelty inside a company and how it can be used to enhance the company's performance, (6) develop the student ability on identifying strategic scenarios, (7) give the student a chance to experience the decision making process under an complex environment of risk and uncertainty and (8) stimulate the strategic and entrepreneur thinking.

6.2 SCRIPT SUGGESTION TO APPLY ON THE TEACHING CASE STUDY

6.2.1 STAGE 1: THEORETICAL BASE

Make available to the students the theoretical base on the following perspectives: resourced based view (VRIO model), franchising, entrepreneurship, entrepreneurial personality and visionary leadership, brand management, brand-building, brand identity and brand expansion. Not all perspectives are required and others can be used as convenient.

6.2.2 STAGE 2: READING OF THE TEACHING CASE STUDY, SUPPORT READING, ACTIVITY AND QUESTIONS – EXTRA CLASS AND INDIVIDUAL

Ask the students to outside the class, read the case and to prepare the support readings, activity and questions presented in the teaching case study. The students should deliver an individual paper where they answer all the support questions. The students should be oriented to accomplish these activities having in mind the theoretical concepts presented in stage one and any other concept found relevant by the teacher. The questions are presented in a way to guide the student to accomplish the support activity.

By learning the suggested theoretical concepts, elaborating an historical summary of the company and performing a SWOT analysis the students have at their disposal the information they need to start applying the theoretical concepts and answer the following purposed questions.

The suggested theoretical concepts are useful for the application of the VRIO model, which aims to identify the resources and capabilities of the company that are or can be transformed into competitive advantages, used to explain and support the strategic decision. Hence, the theoretical understanding of: entrepreneurship, entrepreneurial personality and visionary leadership, brand management, brand-building, brand identity and brand expansion; intends to give the students the necessary tools to easily and correctly identify the different set of strengths of the company. This understanding will allow the student to make a better and more complete VRIO analysis of the company, essential to respond and support their answers. The franchise theoretical perspective intends to give the student the minimum understanding on how this type of business model works its benefits and disadvantages.

The questions are asked in a micro to macro order. Meaning that the first ones are more specific to some strategic parts of the business as the latest ones aim for the student to apply everything he learned to make strategic decisions related to the company as a whole.

The text is divided into two major parts. The first part it's a complete description of the company. It contains its history, concept, values, vision, recognitions, product descriptions and intended future. In this part the student will get to know Mundo Verde in pretty much every aspect. Hence, the student will be able to collect all the necessary information he will need about the company, although he can choose to look for more sources outside the case as well. The second part of the case is where the CEO of the company meets one of the franchisees. This part aims to point out the problems the company is facing, to show different points of view of the company and to connect the idea of the company created on the students mind to a more real image on how the stores look like, work and the franchisees own image of the brand. The situation will allow the student to identify problems, have a bigger idea about the company and its real situation. The second part ends with a company's team meeting, where some possible scenarios to solve some problems are suggested by the team members especially the CEO. The two parts are designed to give the student first, a vision of the organizational structure of the company and then add a more real perspective, which allows the student to understand that a company isn't just a brand, or a store that sells products, it's a group of people that need a plan and guidance to make someone's vision work in a uncertain world. Basically, at first the student will be guided to understand the company through an inductive thinking and with the end

question the student is conducted to a more deductive thinking, going from the general system rules to the base. Moreover, the student will have to understand that there is an informal flow of information inside the company as well as a formal one, and that both are necessary and important for the company to thrive. Managing those flows of information effectively is a very important aspect to every company.

6.2.3 STAGE 3: SUPPORT QUESTIONS – GROUP ACTIVITY IN THE CLASSROOM

Inside the class room, after the students deliver their individual papers, the teacher can ask the students the most relevant aspects they found about the company. The teacher should create a division on the board where he writes two titles: Resources and Competitive advantage. Then he should ask the students to orderly tell what they found about the company that can be putted under those titles. The teacher should remember the students on some of the previous studied theoretical perspectives, as for example: “It’s not enough that firms possess distinct resources. In fact, what differentiates the resources it’s their capability to create value for customers (HAMEL, 1995)” and “The business strategy becomes to focus on the resources that provide competitive advantage in terms of profits above average (...)”(GRANT, 1991, p.117). This concepts intend to make the student look for the resources that create value and can be turned into a competitive advantage. This way create the teacher creates a debate, on what resources create value and which ones can be turned into a competitive advantage and why. The answers should be written in short sentences to be remembered and used later. Next the teacher can start on asking the suggested support questions, answered by the students. The same approach can be used, meaning the students don’t have to answer the whole question at once, but together answering parts of it they build an answer, being the teacher the moderator, correcting wrong answers and helping the students to tie their points. This should be done until the question k), where the classroom should by now have a full understanding of the company.

It’s suggested around 50 minutes for this activity.

6.2.4 STAGE 4: GROUP ACTIVITY CLASSROOM – FINAL QUESTION PRESENTATION

For the final question it's suggested for the teacher to divide the classroom into groups of 3 to 5 students. The students should be asked to together answer the last question and prepare a small presentation for the class, where the students should present their diagnosis of the company and then their strategic solution, properly explaining why they choose that course of actions. It's suggested giving the students 20 minutes to prepare.

7 APPENDIXES

Appendix nº1

Entrevista Mundo Verde

Com Raquel Ulram

Esta entrevista tem como objectivo conhecer e perceber melhor como funciona a empresa Mundo Verde através de uma série de perguntas feitas a Raquel Ulram, dona de duas lojas Mundo Verde. As perguntas serão sobre a marca, os clientes, os empregados, os problemas e futuro da empresa.

A entrevista será tratada com a confidencialidade que a entrevistada desejar e será apenas utilizada para escrever a tese em desenvolvimento de Nuno Cornélio da Silva sobre a marca em questão. A tese está a ser acompanhada pela professora Isabel Vasconcelos, professora da FGV EBAPÉ. Neste caso, a tese é um estudo de caso que será utilizado para ensino na Fundação Getúlio Vargas, onde os alunos terão de responder a uma série de perguntas com base em uma série de teorias económicas sobre a empresa Mundo Verde e o seu futuro. A opinião da entrevistada é então muito importante para poder escrever um caso realista com dados de fonte segura. A entrevista não será publicada em nenhum jornal, revista ou entidade pertencente à *mídia*.

Desde já agradeço profundamente a colaboração e disponibilidade! Qualquer dúvida não hesite em contactar.

Entrevista:

A Marca

1- Na sua opinião, qual a identidade da marca Mundo Verde?

A identidade do mundo verde é a vida saudável e tudo o que permeia este universo.

2- Na sua opinião, quais os pontos mais fortes da marca?

O ponto mais forte da marca é a credibilidade. O cliente sabe e sente o cuidado criterioso com o lançamento de novidades como a testagem dos novos produtos

3- Considerando as suas lojas e o marketing feito pela Mundo Verde, considera que as suas lojas se enquadram no que é promovido?

Sim. As lojas do Leblon se enquadram no marketing do mundo verde... Mas o business mundo verde é algo muito peculiar... Bairrista

4- Qual a dimensão que a marca tem no Brasil? E no estrangeiro?

A marca é a líder de mercado em vendas de produtos naturais no brasil. A tentativa de lojas no exterior não foi adiante.

5- Considera a marca Mundo Verde única? Porquê?

Sim! Pela força da marca. Mais de 300 lojas no brasil inteiro!

Os empregados

6- Os seus empregados têm algum treino específico para trabalhar nas suas lojas?

Os meus funcionários na grande maioria estão nas lojas há muitos anos. Com óptimo treinamento e comparecem aos cursos presenciais oferecidos pela franqueadora.

7- Considera que têm um bom conhecimento sobre os produtos vendidos nas lojas?

Sim, todos são treinados para conhecerem o máximo possível sobre os produtos.

Os clientes

8- Que tipo de clientes frequenta mais as suas lojas?

Todos os tipos de clientes procuram a mundo verde. Todas as classes sociais e todos os tipos de pessoas. A loja é muito diversificada de produtos de todos os preços e tipos de pessoas (religiosos, esotéricos, diabéticos, celíacos, pessoas que malham e os que buscam uma alimentação balanceada, atletas, etc.)

9- O que procuram mais as pessoas na Mundo Verde?

Eu gosto dos produtos mundo verde selecção. Eles têm tido boa aceitação do público mas alguns estão com os preços muito caros. A revista mundo verde não é bem aceite pelo público do Leblon.

10- Os novos produtos Mundo Verde selecção têm tido boa aderência? Quais os mais procurados?

Na minha opinião, os produtos do mundo verde selecção são muito bons mas caros. A espirulina Hawaiana é o produto mais vendido da marca própria.

11- O que pensa do lançamento dos produtos próprios da Mundo Verde selecção?

Acho que são bons produtos, mas o maior problema é o preço.

12- Em termos de gestão e relacionamento com clientes quais os pontos mais fortes da Mundo Verde? E quais os mais fracos?

O mundo Verde mantém um canal aberto com seu publico. A rede de nutricionistas e o *website* da franquia. Acho que funciona como um elemento de aproximação com os clientes.

Na minha opinião falta ao mundo verde:

- Uma negociação melhor com os fornecedores para garantir um preço competitivo. Este é o problema número 1 do mundo verde.
- Um sistema mais eficiente. Temos problemas seríssimos com o sistema.
- Um site de vendas directas ao publico.
- O engajamento no terceiro sector. Patrocinar uma maratona, eventos esportivos locais.

13- Em relação à revista Mundo Verde, sente que é uma mais-valia? Como poderia melhorar?

Depende, nas minhas lojas os clientes não são os maiores fãs. A revista mundo verde não é bem aceite pelo público do Leblon.

O futuro:

14- Qual a sua opinião em relação a estratégia de Marketing utilizada pela empresa?

O Marketing não é o problema, acho que nesse aspecto a empresa está bem.

15- Qual a sua opinião em relação a estratégia de crescimento? Considerando número de lojas abertas e locais escolhidos para as abrir.

Dá força e reconhecimento à marca, como o Mundo Verde é muito bairrista penso que faz sentido

16- O CEO da empresa disse que quer fazer uma integração dos sistemas de todas as lojas e uma uniformização também. Na sua opinião como está a correr este processo?

A uniformização é muito difícil por as lojas serem bairristas. Em relação à integração dos sistemas está muito má. Os sistemas dão problemas constantes.

17- Quais os maiores problemas que sente que a marca e as suas lojas enfrentam neste momento? (Fornecedores, preços, clientes, marketing, etc.)

O contacto com os fornecedores ainda é feito muito pelas lojas, e por vezes conseguimos melhores preços que a própria franquia... O sistema também tem tido problemas muito sérios que afectam as vendas e a velocidade do atendimento, o registo das vendas também é afectado e torna o inventário mais complicado.

18- Considerando as outras lojas do Rio de Janeiro acredita que têm os mesmos problemas que as suas?

Sim, eu conheço alguns donos de outras lojas e temos alguns problemas em comum, no fundo existem os problemas gerais que afectam todas as lojas e depois os problemas mais específicos por sermos um negócio bairrista.

19- Como vê o futuro das suas lojas e da marca?

O futuro do mundo verde é incerto. Abrir lojas e mais lojas pode não ser bom se elas não forem rentáveis para o investidor.

O futuro vai depender dos investimentos da franquia em negociações de preços, e auxílio aos franqueados.

20- Gostaria de ver a Mundo Verde envolvida em mais algum projecto social ou ambiental? Acha que as lojas deveriam ter os seus próprios projectos ambientais ou sociais de modo a ter um impacto local maior?

Sim, como já disse acho que devíamos envolver-nos mais em projectos que tenham a ver com a saúde, como maratonas. Mas neste momento com a crise fica difícil patrocinar ou criar alguma coisa.

Muito obrigado pela sua colaboração!

Appendix nº2

Entrevista Mundo Verde

Com João Paulo

Esta entrevista tem como objectivo conhecer e perceber melhor como funciona a empresa Mundo Verde através de uma série de perguntas feitas a João Paulo, gerente de uma das lojas Mundo Verde. As perguntas serão sobre a marca, os clientes, os empregados, os problemas e futuro da empresa.

A entrevista será tratada com a confidencialidade que o entrevistado desejar e será apenas utilizada para escrever a tese em desenvolvimento de Nuno Cornélio da Silva sobre a marca em questão. A tese está a ser acompanhada pela professora Isabel Vasconcelos, professora da FGV EBAPE. Neste caso, a tese é um estudo de caso que será utilizado para ensino na Fundação Getúlio Vargas, onde os alunos terão de responder a uma série de perguntas com base em uma série de teorias económicas sobre a empresa Mundo Verde e o seu futuro. A opinião do entrevistado é então muito importante para poder escrever um caso realista com dados de fonte segura. A entrevista não será publicada em nenhum jornal, revista ou entidade pertencente à *mídia*.

Desde já agradeço profundamente a colaboração e disponibilidade! Qualquer dúvida não hesite em contactar.

Entrevista:

A Marca

1- Na sua opinião, qual a identidade da marca Mundo Verde?

É uma marca que se preocupa com a saúde e o bem-estar das pessoas. A maior tendência é mesmo a saúde.

2- Na sua opinião, quais os pontos mais fortes da marca?

Os pontos mais fortes são a confiança e credibilidade que a marca passa para as pessoas. As pessoas vêm na loja e sabem que os produtos são de qualidade e de confiança.

3- Considerando as suas lojas e o marketing feito pela Mundo Verde, considera que as suas lojas se enquadram no que é promovido?

Sim, a franquia tem um grupo de gestores que visitam periodicamente as lojas para verificar se está tudo dentro do padrão da empresa.

4- Qual a dimensão que a marca tem no Brasil? E no estrangeiro?

No Brasil é muito grande, mesmo estrangeiro quando vêm no Brasil procuram a loja. Lá fora não sei bem.

5- Considera a marca Mundo Verde única? Porquê?

É uma marca que defendo muito, sou suspeito claro. Mas como trabalho aqui sem como funciona e vejo a qualidade dos produtos e como fazemos as coisas.

Os empregados

6- Os seus empregados têm algum treino específico para trabalhar nas suas lojas?

Sim, a franquia oferece cursos para determinadas áreas e de acordo com a demanda e rotatividade de empregados vamos fazendo a renovação do conhecimento e treino dos empregados.

7- Considera que têm um bom conhecimento sobre os produtos vendidos nas lojas?

Sim, a gente se preocupa muito em ter uma equipe homogénea, em que falam todos a mesma língua e tratam igualmente bem os clientes.

Os clientes

8- Que tipo de clientes frequenta mais as suas lojas?

Clientes que procuram melhor qualidade de vida. É muito misto, em termos de pessoas. Adolescentes quase nenhuns vêm na loja, mas em geral diria que as mulheres são quem vem cá mais.

9- O que procuram mais as pessoas na Mundo Verde?

As pessoas vêm cá mais pela alimentação saudável, a maior procura é pelos alimentos.

10- Os novos produtos Mundo Verde selecção têm tido boa aderência? Quais os mais procurados?

A espirolina havaiana, que é um produto para emagrecer. Outros nem tanto este é sem dúvida o mais procurado.

11- O que pensa do lançamento dos produtos próprios da Mundo Verde selecção?

Como o Mundo Verde é muito expansivo, está presente muitas áreas é difícil perceber. É muito relativo, falando por esta loja a maior procura é produtos de emagrecimento e produtos para atletas. Alguns produtos aqui não são tão procurados, mas se for noutra loja já têm maior aderência.

12- Em termos de gestão e relacionamento com clientes quais os pontos mais fortes da Mundo Verde? E quais os mais fracos?

A gente procura ter parcerias com academias, por muitos clientes da loja serem frequentadores de academias, as nutricionistas indicam e vêm a loja, indicam produtos específicos e isso torna-os parceiros bem fortes. A gente procura fidelizar o cliente mantendo o contacto com o cliente, levando novidades, oferecendo descontos e melhorando ouvindo o cliente.

13- Em relação à revista Mundo Verde, sente que é uma mais-valia? Como poderia melhorar?

Sim, a revista é muito interessante, a revista acaba muito rápido e a gente nem sempre tem pela demanda ser grande. As mulheres sobretudo levam a revista com elas.

O futuro:

14- Qual a sua opinião em relação a estratégia de Marketing utilizada pela empresa?

Por essa loja, eu diria que a franquia deveria ter mais proximidade com os parceiros locais.

15- Qual a sua opinião em relação a estratégia de crescimento? Considerando número de lojas abertas e locais escolhidos para as abrir.

Eu acho que investir mais em marca própria é mais importante do que abrir mais lojas. Já existem muitas lojas produtos nem tantos.

16- O CEO da empresa disse que quer fazer uma integração dos sistemas de todas as lojas e uma uniformização também. Na sua opinião como está a correr este processo?

O segmento é parecido, mas a uniformização nunca vai acontecer por ser um negócio bairrista, e o povo brasileiro é todo muito diferente. Como tal as lojas por se aproximarem muito do cliente adaptam-se a eles e nunca vão conseguir ficar totalmente parecidas.

17- Quais os maiores problemas que sente que a marca e as suas lojas enfrentam neste momento? (Fornecedores, preços, clientes, marketing, etc.)

A crise financeira do país afecta muito, pelo preço ser alto as pessoas contêm-se mais nas compras. Em geral é a loja que negocia com os fornecedores para obter os produtos que necessita, o que não ajuda no preço por não pedirmos grandes quantidades. Aqui no Rio é caro o espaço e manter muito inventário fica difícil.

18- Como vê o futuro das suas lojas e da marca?

A demanda diminuiu, mas não tanto quanto esperava dada a dimensão da crise. No geral acho que a demanda se manteve bem e o futuro já me pareceu pior. Pelo menos manter-nos vamos conseguir!

**19- Gostaria de ver a Mundo Verde envolvida em mais algum projecto social ou ambiental?
Acha que as lojas deveriam ter os seus próprios projectos ambientais ou sociais de modo a ter um impacto local maior?**

É importante procurar ter um impacto local, neste momento não é grande esse impacto infelizmente. Não há muito apoio o que torna difícil as lojas fazerem algo só por si. Talvez mais impacto dinamize mais a marca e traga novos clientes, a gente manteve a demanda mais pelos clientes fiéis que gostam da loja esses não deixaram de vir!

Muito obrigado pela sua colaboração!

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