ASSOCIAÇÃO salvador

The New Quota Law of Employment for People with Disabilities: Associação Salvador's Opportunity to Increase Social Impact While Ensuring Financial Sustainability

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EXECUTIVE SUMMARY

NOVA SCHOOL OF BUSINESS & ECONOMICS — Associação Salvador

Project Overview

This work project was focused on **Associação Salvador**, a Portuguese **non-profit organization** that aims to **support and improve the quality of life of people with motor disabilities**. Taking into account the new **Quota Law of employment** for people with disabilities, the purpose of this research is **to determine if this legislation can be an opportunity to be seized by the association to increase its social impact while ensuring financial sustainability**. The organization and its portfolio were analysed, including its Social Project **"Destino:Emprego"** focused on promoting the employability of its target group, and a market study was carried out to develop a suitable business model for this Social project, taking into account the context of the Portuguese market and the new opportunity created by the Quota Law. It was suggested that **3 products** should be offered as part of this Social Project, with financial implications being drawn at the end.

	Chapter 1	Chapter 2	Chapter 3	Chapter 4
Analysis	• Portfolio Overview • Financial Diagnostic • Strategic Reflection (with Impact Assessment)	• Inclusive Recruitment market created by the Quota-Law. • Benchmark at a national and international level.	• Segmentation, Targeting, Positioning strategy • Marketing Mix.	• Cost Structure • Sensitivity Analysis • Financial Implications
Findings	• **"Destino:Emprego"** is the Social Project with the **best financial results** and **greatest social impact** • **Quota Law:** promising **opportunity** to **increase social impact** while possibly **ensuring financial sustainability**	Four **essential areas** should be further explored : • Accessibilities • Organizational Diagnostic • Work inclusiveness • Recruitment process	Three products should be developed: • Inclusive Consulting Services (**new product**) • Awareness Sessions (maintain) • Inclusive recruitment services (**improve** by **adding of training sessions**)	• **Inclusive Consulting Services** and **Awareness Sessions** are **financial opportunities** with **indirect social impact,** • Inclusive Recruitment Service **isn't** a financial opportunity but has **direct social impact**

Recommendations

As there **are no market conditions to charge** for the **Inclusive Recruitment Service** and knowing it is the initiative with the **highest social impact** created **per beneficary**, it is recommended that **it continues its current model** of being a service delivered for **free** and based on **third-party donations**.

Due to the likely **increase of demand by companies** based on the **Quota Law**, as well as the possible **improvements on the service** (**hard-skills training sessions**) and the likely increase of **donations,** it can be forecasted an increase of the **placement rate** and an ability to **follow a higher number of candidates** per year. Therefore, it is possible that the number of **beneficiaries impacted** annualy **will grow in the future**, increasing the **direct social impact** created.

Regarding the **Inclusive Consulting Services** and **Awareness Sessions**, due to the market's **willingness to pay**, it is reccomended that Associação Salvador focuses on **implementing these services**, due to its **financial opportunity** and its **indirect social impact.**

Associação Salvador can also use the **Inclusive Recruitment** as a **"loss leader"** that **incentivizes** the **purchase** of the **other services**, whose **profits** can be also used to help ensuring the **financial sustainability** and increase the **impact** of the **Inclusive Recruitment**.

Project Overview

Chapter 1 — **Portfolio Overview and Strategic Reflection**

- 1.1 Portfolio structure analysis: top-down and bottom-up
- 1.2 Financial Diagnostic
- 1.3 Strategic reflection: Project “Destino: Emprego”

Chapter 2 — **Quota Law and the context of the project “Destino: Emprego”**

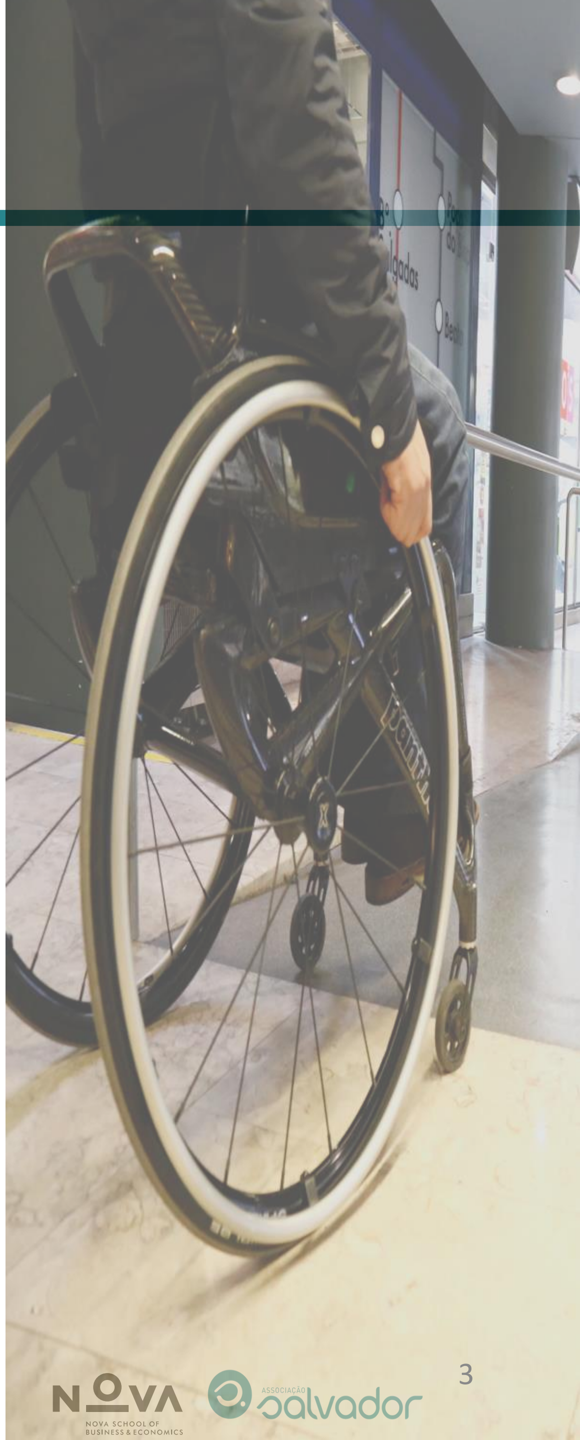
- 2.1 Market study: Supply & Demand
- 2.2 Benchmark

Chapter 3 — **Business Model and Value Proposition**

- 3.1 Segmentation, Targeting & Positioning
- 3.2 Product & Price
- 3.3 Place & Placement

Chapter 4 — **Financial Implications**

- 4.1 Cost Structure
- 4.2 Sensitivity Analysis
- 4.3 Strategic Implications



Chapter 4: Financial Implications

Chapter 4: Financial Implications

4.1 Cost Structure

What does the cost-structure look like for each product?

4.1.1 What are the different types of costs?

4.1.2 What are the costs to be considered for each product?

4.2 Sensitivity Analysis

How can each product achieve financial sustainability?

4.2.1 What is the ideal price range?

4.2.2 What is the breakeven volume?

4.2.3 What is the minimum market penetration goal in order to achieve the breakeven point?

4.3 Strategic Implications

What are the implications of implementing some the products?

4.3.1 What are some key factors to take in consideration?

4.3.2 Are there other positive externalities besides revenue?

Methodology

4.1:
- Analysis of internal financial documents
- Benchmarking with similar business models

4.2:
- Analysis of internal financial documents
- Benchmarking with similar business models

4.3:
- Benchmarking with similar business models

Several categories of fixed and variable costs were identified to determine the cost structure for each product

FIXED COSTS

Staff
Includes salaries due to the headcount increase

Specialized services
Includes expenses in services such as legal, accounting, HR and Marketing

IT & Telcom services
Includes software licenses and mobile plans

Capex
Includes initial investments needed such as electronic equipment

VARIABLE COSTS

Outsourced consultants
Includes outsourced consultants hourly fee for the inclusive consultanting services

Vocation Assesment
Includes a candidate vocation and qualification assessment for the inclusive recruitment services

Speakers
Includes special speaker fee for awareness sessions

Candidate qualification
Includes certified courses to complement the candidates' qualification such as Office365 courses

Travelling expenses
Includes visits to clients

Ambassador Visits
Includes ambassador visits for consultancy services

The Awareness Sessions annual fixed costs are 2.724€ since, instead of increasing headcount, it is possible to use the current staff by qualifying them with the competences required

FIXED COSTS
(per year)

1806€	Marketing & Communication
320€	Sales course for current staff
598€	Zoom and Salesforce subscription

TOTAL – 2.724€

AWARENESS SESSIONS COST STRUCTURE

VARIABLE COSTS

Travelling expenses	20€/ session
Outsourced Special Speaker	75€/ session

The estimated total fixed costs per year for the Inclusive Consulting Services is 29.937€, of which 80% is from salary expenses of Project Manager

FIXED COSTS
(per year)

23.921€	Salary of Project Manager
4.080€	Marketing, legal and accounting
1.020€	Aquisition of computer and mobile phone
917€	Salesforce, Office365 and mobile plan
TOTAL - 29.937€	

INCLUSIVE CONSULTING SERVICES COST STRUCTURE

VARIABLE COSTS

Ambassador Visits	40€/ visit
Outsourced technical report	574€/ project
Client visits	20€/ visit

Since it is uncertain the willingness to pay for the Inclusive Recruitment Services, the most significant change to the current cost structure is in the variable costs

FIXED COSTS

(per year)

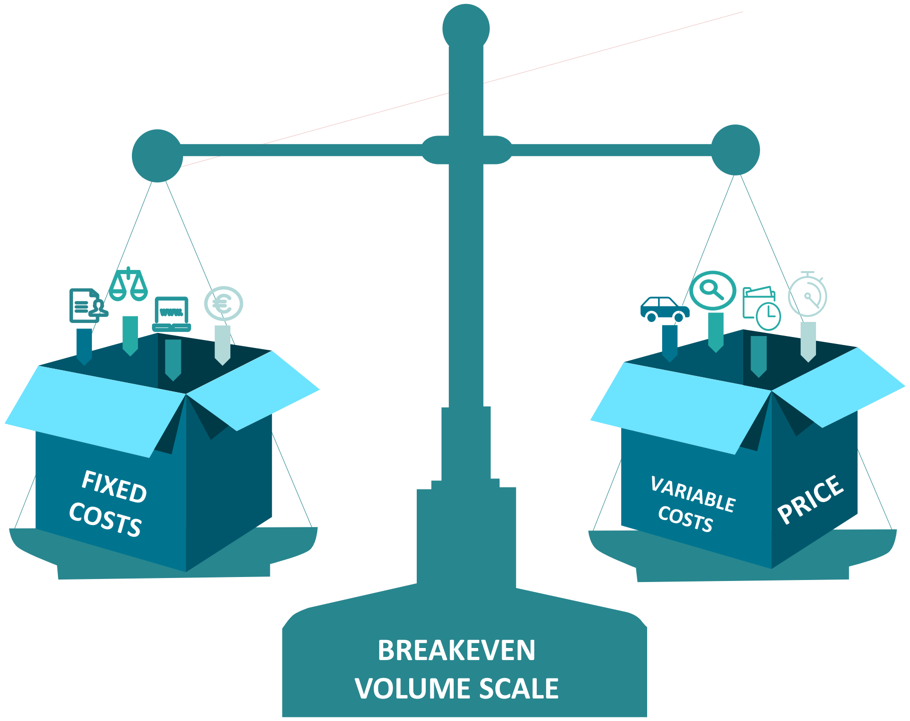
2.949€	Marketing & Communication
TOTAL – 2.949€	

INCLUSIVE RECRUITMENT SERVICES COST STRUCTURE

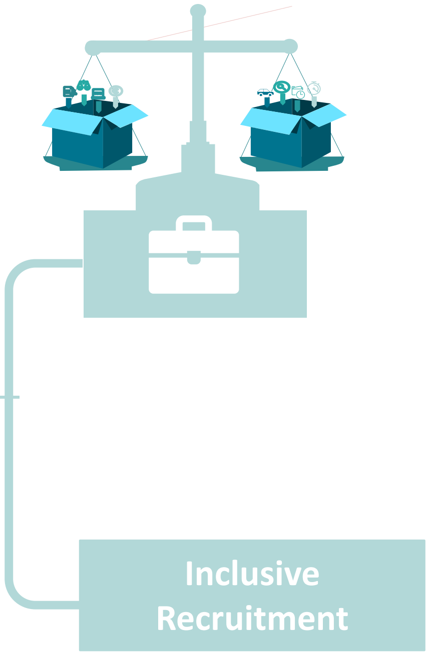
VARIABLE COSTS

Vocational assesment	40€/ candidate
Beneficiary Qualification	350€/ candidate

Knowing the cost structure of each product, it was possible to conduct a sensitivity analysis to determine the breakeven volume required for financial sustainability

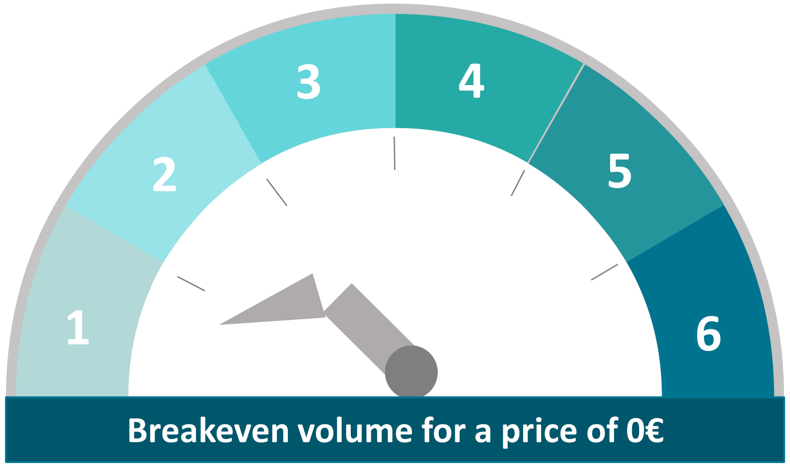


Given that is not clear if the market is willing to pay for the Inclusive Recruitment Services, the breakeven volume was not possible to determine



Price per candidate placed

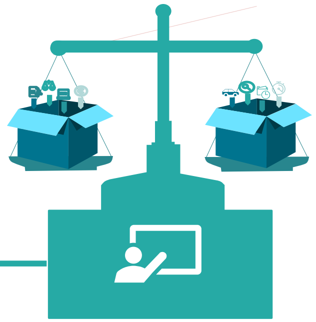
Candidates Placed	0 €	100€	200€	300€
5	- 4 499 €	- 3 999 €	- 3 499 €	- 2 999 €
10	- 6 449 €	- 5 449 €	- 4 449 €	- 3 449 €
15	- 8 399 €	- 6 899 €	- 5 399 €	- 3 899 €
20	- 10 349 €	- 8 349 €	- 6 349 €	- 4 349 €
25	- 12 299 €	- 9 799 €	- 7 299 €	- 4 799 €
30	- 14 249 €	- 11 249 €	- 8 249 €	- 5 249 €



Considerations

- Price starts at 0€ since it is not clear if companies are willing to pay for this service
- 390€ for variable costs assuming all candidates require qualification in IT competences

Due to its low fixed costs, the Awareness Sessions breakeven can be reached by selling at least 8 sessions per year



Awareness Sessions

Price per session

Sessions sold	250 €	500€	750€	1000€
2	- 2 454 €	- 1 954 €	- 1 454 €	- 954 €
4	- 2 184 €	- 1 184 €	- 184 €	816 €
6	- 1 914 €	- 414 €	1 086 €	2 586 €
8	- 1 644 €	356 €	2 356 €	4 356 €
10	- 1 374 €	1 126 €	3 626 €	6 126 €
12	- 1 104 €	1 896 €	4 896 €	7 896 €

1

Breakeven volume for a price of 500€

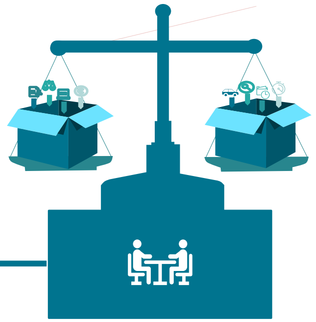
2

Breakeven volume for a price of 750€

Considerations

- Price ranges between 250€ and 1000€ according to A.S. and experienced consultant suggestion
- 115€ for variable costs assuming the project is in Lisbon and does not require extra travelling costs

For the Usability Accessibilities consulting service, it is required selling at least 9 projects a year for it to be sustainable



Usability Acessibilities

Technical Acessibilities

Organizational Diagnosis

Price per project

Projects sold	800 €	1000€	1200€	1400€
4	- 7 019 €	- 6 219 €	- 5 419 €	- 4 619 €
8	- 4 059 €	- 2 459 €	- 859 €	741 €
12	- 1 099 €	1 301 €	3 701 €	6 101 €
16	1 861 €	5 061 €	8 261 €	11 461 €
20	4 821 €	8 821 €	12 821 €	16 821 €
24	7 781 €	12 581 €	17 381 €	22 181 €

1

Breakeven volume for a price of 1000€

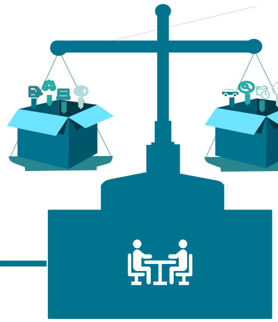
2

Breakeven volume for a price of 1200€

Considerations

- Price ranges between 800€ and 1400€ according to A.S. and experienced consultant suggestion
- 60€ for variable costs assuming the project is in Lisbon and does not require extra travelling costs
- This product shares 1/3rd of Consultant Services total fixed costs

Although the Technical Accessibilities has the highest variable cost of the Consulting projects, it can be financially sustainable by selling at least 7 projects a year



Usability Acessibilities

Technical Acessibilities

Organizational Diagnosis

Price per project

Projects sold	1000 €	1500€	2000€	2500€
4	- 8 273 €	- 6 273 €	- 4 273 €	- 2 273 €
8	- 6 567 €	- 2 567 €	1 433 €	5 433 €
12	- 4 861 €	1 139 €	7 139 €	13 139 €
16	- 3 155 €	4 845 €	12 845 €	20 845 €
20	- 1 449 €	8 551 €	18 551 €	28 551 €
24	257 €	12 257 €	24 257 €	36 257 €

1

Breakeven volume for a price of 1500€

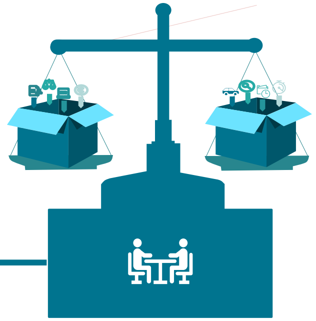
2

Breakeven volume for a price of 2000€

Considerations

- Price ranges between 1000€ and 2500€ according to A.S. and experienced consultant suggestion
- 574€ for variable costs since it includes outsourcing the technical report
- This product shares 1/3rd of Consultant Services total fixed costs

The Organizational Diagnosis project requires selling 4 or 5 projects per year to reach the breakeven point



Usability Acessibilities

Technical Acessibilities

Organizational Diagnosis

Price per project

Projects sold	2500 €	3000€	3500€	4000€
1	- 7 559 €	- 7 059 €	- 6 559 €	- 6 059 €
2	- 5 139 €	- 4 139 €	- 3 139 €	- 2 139 €
3	- 2 719 €	- 1 219 €	281 €	1 781 €
4	- 299 €	1 701 €	3 701 €	5 701 €
5	2 121 €	4 621 €	7 121 €	9 621 €
6	4 541 €	7 541 €	10 541 €	13 541 €

1

Breakeven volume for a price of 3000€

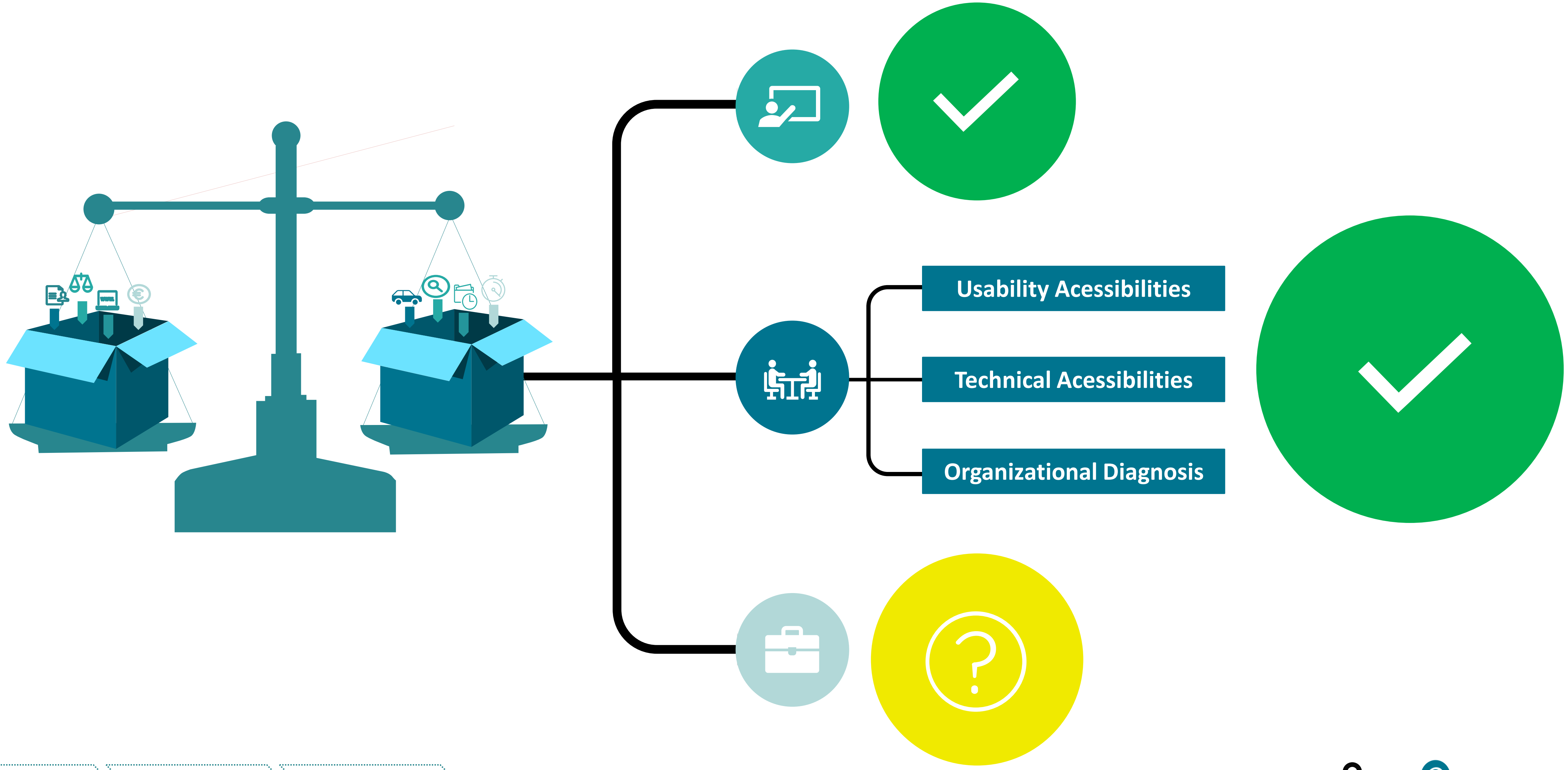
2

Breakeven volume for a price of 3500€

Considerations

- Price ranges between 2500€ and 4000€ according to A.S. and experienced consultant suggestion
- 80€ for variable costs assuming the project is in Lisbon and does not require extra travelling costs
- This product shares 1/3rd of Consultant Services total fixed costs

Although the Inclusive Recruitment market permeability is uncertain, for the Consulting Services and Awareness Sessions the market there is willingness to pay and reaching financial sustainability is feasible



Knowing the market size identified in our Targeting and the number of projects needed to sell to reach breakeven, the Awareness Sessions only needs to capture 1% of the market to be financially sustainable

Total Sessions needed to be sold annually to reach breakeven:

5-7

(1 every 2 months)

Large Companies covered by the Quota Law in Lisbon and Porto (2020):

607

~1%

of market capture

By capturing 4% of the market, the Inclusive Consulting Services can reach financial sustainability

Total Projects needed to be sold annually to reach breakeven:

19-26

(~2 per month)

Large Companies covered by the Quota Law in Lisbon and Porto in 2020:

607

~4%

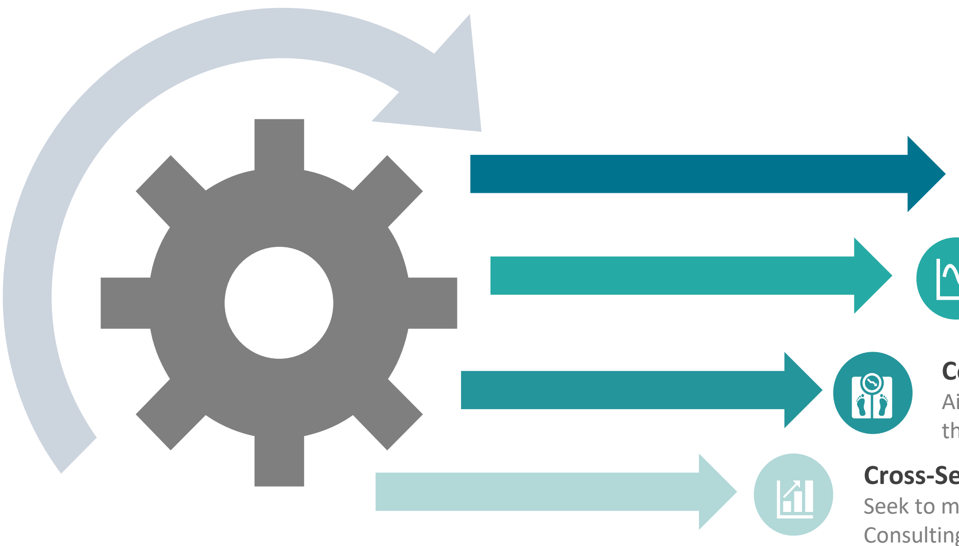
of market capture

Having an agile management strategy for both Inclusive Consulting Services and the Awareness Sessions, will increase the likelihood of reaching the breakeven volume

Revenue Model

- Both the Inclusive Consulting Services and Awareness Sessions revenue model is based on **non-recurrent sales**
- Most fixed costs are assumed to be incurred even **without having sales**
- This means that the financial sustainability **highly depends on the performance of the commercial team** and the management's strategy

Key factors to take in account to ensure reaching the breakeven volume



Empower Staff
Ensure that the staff has all the tools and equipment necessary to perform its tasks

Price Adjustment
The price can vary depending on client's company size. However, the lower the price, the higher the breakeven volume

Cost Reduction
Aim to reduce variable and fixed costs to reach the breakeven sooner

Cross-Selling
Seek to maximize revenues by cross-selling the Consulting Services, Awareness sessions, and the other business projects

Just because the market is not permeable to pay for the Inclusive Recruitment Services yet, does not mean that this reality can not change in the future. How can the Inclusive Consulting Services and Awareness Sessions help?

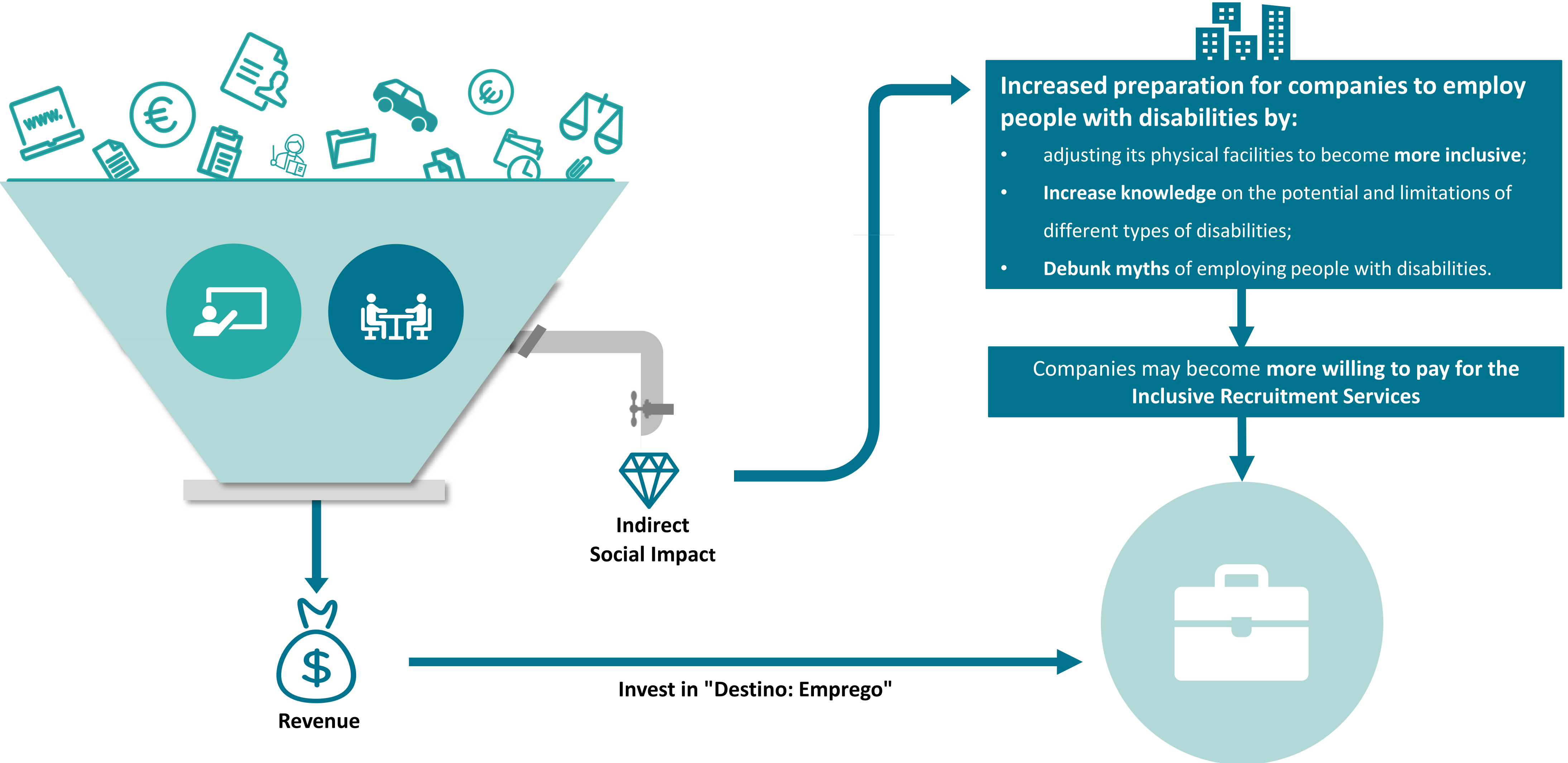
“Destino: Emprego” is one of the most impactful projects within Associação Salvador and the Inclusive Recruitment Service may help it become more financial sustainable.

However, currently the market seems to be unavailable to pay for the Inclusive Recruitment Service…

So, for now, focusing on the Inclusive Consulting Services and Awareness Sessions can present a source of revenue for Associação Salvador to ensure its financial sustainability.

Nonetheless, can these two paid business models have other positive implications?

Developing the Inclusive Consulting Services and Awareness Sessions business models can increase Associação Salvador's social impact. In addition, its revenues can be used to invest in "Destino: Emprego"



Chapter 4: Key Takeaways

4.1 Cost Structure

- It was possible to determine the **estimated cost structure (fixed and variable)** for each project by categorizing into different types of costs according to the marketing-mix, Associação Salvador's financial reports and interviews.
- The **Inclusive Consulting Services has the highest fixed cost** due to the need of hiring a Project Manager to manage the three types of projects.
- The Awareness Sessions and Inclusive Recruitment services both **have lower fixed cost structure since most of its costs are in specialized services.**

4.2 Sensitivity Analysis

- It was **not possible to determine the breakeven volume for the Inclusive Recruitment Service** given that it is not clear that the market is willing to pay for this service.
- The **Inclusive Consulting Services require between 20 and 27 projects** annually to reach the breakeven point, while the **Awareness Sessions between 5 and 8.**
- The market-share needed to capture to reach financial sustainability for the **Awareness Sessions is 1%** whereas in the **Inclusive Consulting Services is 4%.**

4.3 Strategic Implications

- Given the nature of the both Inclusive Consulting Services and Awareness Session's revenue model, it is necessary to have **an agile management strategy to increase the probability of reaching the breakeven point.**
- The Inclusive Consulting Services and Awareness Sessions can have two positive outcomes: **revenues that can be used to invest in "Destino: Emprego"** and a **indirect social impact** that includes preparing the **companies to become more prepared to employ people with disabilities.**

Conclusions

Firstly, "Destino: Emprego" was considered to be the best project to invest given the new law context. Then, 4 specific areas were identified to explore in the market which led to the decision to develop, maintain and improve 3 products

Chapter 1

Analysis

- Portfolio Overview
- Financial Diagnostic
- Strategic Reflection (with Impact Assessment)

Findindgs

- **"Destino:Emprego"** is the Social Project with the **best financial results** and **greatest social impact**
- **Quota Law**: promising **opportunity** to **increase social impact** while possibly **ensuring financial sustainability**

Chapter 2

Analysis

- Inclusive Recruitment market created by the Quota-Law.
- Benchmark at a national and international level.

Findindgs

Four **essential areas** should be further explored :

- Accessibilities
- Organizational Diagnostic
- Work inclusiveness
- Recruitment process

Chapter 3

Analysis

- Segmentation, Targeting, Positioning strategy
- Marketing Mix.

Findindgs

Three products should be developed:

- Inclusive Consulting Services (**new product**)
- Awareness Sessions (maintain)
- Inclusive recruitment services (**improve** by **adding of training sessions**)

Chapter 4

Analysis

- Cost Structure
- Sensitivity Analysis
- Strategic Implications

Findindgs

- **Inclusive Consulting Services** and **Awareness Sessions** are **financial opportunities** with **indirect social impact,**
- Inclusive Recruitment Service **is not** a financial opportunity but has **direct social impact**

Contrarily to the Inclusive Consulting and Awareness Sessions, the Inclusive Recruitment is not expected to be a financial opportunity. However, given its direct social impact, it should be used as a "loss leader" funded by the other products

Final Takeaway

Not a Financial Opportunity
but
Direct Social Impact

Inclusive Recruitment

Purchase Incentive
"Loss Leader"

Awareness Sessions

Consulting services

Indirect Social Impact
and
Financial Opportunity

Financial Sustainability

Keep Business model (Free service)
+
Add Training

Conclusion

Implement and **charge both**

Bibliography – Chapter 4

Slides 10-15:

- Stanford University. n.d. Basic Quantitative Analysis for Marketing. Accessed 12 2021. https://web.stanford.edu/class/ee204/breakeven.html.

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Slide 21:

- SoPact. n.d. Fundamentals of Social Impact. Accessed 12 2021. https://www.sopact.com/en-us/social-impact.