

# International Replication Model for a Nonprofit Organization

The Case of Just a Change

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## Abstract

Just a Change is a nonprofit organization that aims to reduce housing poverty by rehabilitating the houses of families in need, with the work of volunteers. The organization is already present in several cities in Portugal, but has the objective of expanding its impact to other countries. Therefore, this work was made with the objective of defining a model that allows the organization's international replication without compromising its impact and quality.

After an initial study of the existent literature regarding this subject, a model for the international replication was built, always taking into consideration the particular needs and characteristics of a nonprofit organization and the limitations that it brings when comparing it to a regular for-profit business. An analysis was made of the present context of the organization and its readiness for the replication process in terms of financial sustainability and social value creation.

From the many different modes of entry available for nonprofits in a new market, the model chosen for this project was the social franchising model. A study was conducted to choose a country to which the organization should expand to. Italy was the country that appeared to be the best option to expand Just a Change. Based on the conclusion of the previous studies, a strategy plan was drawn for a pilot project with the objective of replicating the project in one or two locations.

**Keywords:** international replication, internationalization, nonprofit, social franchising, Just a Change

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## 1. Introduction

According to Instituto Nacional de Estatística (2010) over 500.000 Portuguese people live in housing poverty, that means that about 4,7% of the Portuguese population lives without the minimum living conditions such as structural safety, basic sanitary access, thermal comfort or even water and electricity. This same study reveals that Portugal has a 28% increase in the death rate during the winter months when compared to other countries in the European Union despite being one of the warmest countries. Just a Change is a nonprofit organization dedicated to fight against housing poverty by rehabilitating house of families in need with the work of volunteers. To this day the organization has made an impact in over 198 homes in several cities in Portugal (Just a Change, 2019). As the housing poverty issue is a global issue and it is not only happening in Portugal, Just a Change believes it is time to

replicate their proven model internationally. The main objective of this work is to define the suitable model and strategy for the international replication of the project.

## 2. Just a Change

### 2.1. Introduction

Just a Change is a nonprofit organization that rehabilitates the houses of families in need, its main objective is to eliminate the housing poverty. The mission of the organization is simple "We rehabilitate houses, we rebuild lives" and the vision is that the wish for the world to be a place where everyone can find "Happiness, hope and charity in every home".

### 2.2. Acting Models

Since its foundation, in 2010, Just a Change has been developing different models, at the present time it has three main acting models:

- Turn Up/Keep Up – Began in 2010 along with Just a Change’s foundation, it happens in Lisbon and Porto cities and it is aligned with the university semesters as the majority of the volunteers in this model are university students.

- Camp In – The first Camp In took place in 2015 with the objective of taking Just a Change to the rural areas of the country. It works as a “holiday camp” and usually takes place in the Summer months.

- All In – This model aims to bring the corporate volunteers into Just a Change’s operations, in this model the beneficiaries are usually institutions as they have bigger spaces where a company can take a lot of employees for a teambuilding experience. In this model the company finances the whole rehabilitation plus a margin to help with Just a Change’s fixed costs.

### **2.3. Business Model**

The business model follows a social approach, this means that the organization’s main objective is not to have profit, but instead to create social impact. The main service provided by Just a Change is the rehabilitation of homes of needed families. Each intervention is inserted in the Turn Up, Keep Up or Camp In models, and needs to be fully financed by an entity that is called rehabilitation owner. These entities are usually municipalities, corporations or foundations. In the All In model the company participating in the rehabilitation will pay a fee per each participant, this fee goes around 30% to the rehabilitation and 70% towards the fixed costs of the organization and it is what allows the organization to be financially sustainable as the majority of the fixed costs (financial, communication and fundraising departments) cannot be allocated in a home rehabilitation budget. The final source of financing are prizes and donations awarded by companies or foundations in light of Just a Change’s good work in fighting housing poverty.

## **3. Literature Review**

### **3.1. Nonprofit Sector**

The non-profit sector in Portugal is considered a significant economic force, as it involves 250,000 full-time workers and accounted for 4.2% of gross domestic product in 2002. Of the number of workers mentioned, close to 70% are in paid positions and the other workers are volunteers (Franco, Sokolowski, Hairel, & Salamon, 2005).

In the recent past there has been an increasing interest in social business models, this interest is being stimulated by the increasingly competitive environment in the nonprofit sector. Non-profits today are forced to operate in an extremely competitive environment with increasing needs in the communities they seek to help and typically fewer fundraising offerings with increasing

competition for donations and awards. (Weerawardena & Mort, 2006).

Social business models aim to develop sustainable solutions to eliminate various types of problems. Often these initiatives start by proposing to solve local problems but in fact have global impact, such as access to clean water or basic health care (Santos, 2009). To achieve these goals, social businesses combine the logic and methods of different sectors and industries, leading to the combination of key features of public and private organizations (Battilana & Lee, 2014; Doherty, Haugh, & Lyon, 2014).

### **3.2. Internationalization**

The term internationalization means the geographical expansion of economic activities beyond the borders of a single country.(Matlay, Ruzzier, Hisrich, & Antoncic, 2006). There are five major reasons why a company may decide to expand outside of its home country. According to Gamble et al. (2013) these reasons are:

- Access to new consumers;
- Reduce costs and increase competitiveness;
- Explore core competencies;
- Access to new features and capabilities;
- Dilute risk across a broader business base.

### **3.3. Nonprofit growth strategies**

Galitopoulou & Noya (2016) divide strategies for replicating social business into four major groups, expanding, replicating, partnering, or sharing knowledge:

#### **Scale through expansion**

Operational growth is the preferred method used by businesses that already have a consolidated operating model with proven impact and therefore decide to maintain the same operation by reaching a larger number of beneficiaries. As with a conventional enterprise the goal is to take advantage of economies of scale by increasing the efficiency and productivity of your operations and processes. (Weber & Kröger, 2015).

#### **Scale through replication**

Social businesses may choose to grow by replicating their models or methods that have a proven social impact in other geographic contexts. Some of the advantages of replication are impact growth without necessarily having to increase the base organizational structure, allow local owners for each project, and can be easily adopted and adapted by others. (Galitopoulou & Noya, 2016). Branch opening allows the social business to retain some control over the operation while simultaneously adapting and designing its services to best suit the needs of each location. The creation of a social franchise facilitates the rapid and exact replication of the existing business model by other entities, for this strategy

to be successful there must be a set of parameters agreed between the base organization and the entity that will perform the replication. (Mavra, 2011).

### **Scale through partnerships**

Establishing strategic partnerships with other organizations enables faster access to new markets, new capabilities and new competencies than other growth strategies. The benefits of these partnerships are mutual, social businesses can gain access to contracts related to social security and other similar entities or join efforts in applying for new funding. Another advantage is that it is often possible to share infrastructures that allow optimization and increase of operational processes. Finally public or private entities can benefit from a new approach to social services (Wixley & Noble, 2014).

### **Scale through knowledge sharing**

Social businesses can stimulate or complement their growth process by sharing information, allowing them to learn from interacting with other organizations (Galitopoulou & Noya, 2016). These interactions can be formal, through official training where the company offers its expertise to a specific organization or informal where it is made available to the public to reach as many recipients as possible. (Leclaire, 2014). Similarly, social enterprises can pass on their organizational culture, knowledge, models and processes to me and other entities can replicate their model, often through agreements so that they can replicate the model in a place that requires a major adaptation to the original model (Weber, Kroeger, & Lambrich, 2012).

## **4. Methodology**

The methodology used in this dissertation consists of five steps presented below:

### **1. Contextualization**

In a first phase, the analysis will be made in terms of the evolution impact of existing products based on the strengths and weaknesses of each product, as well as their contribution to the organization's sustainability and impact.

### **2. Replication Readiness**

Before starting the replication process of an organization, it is necessary to check whether its structure is designed and prepared for this purpose. Dees, Anderson, & Wei-Skillern, (2004) consider five essential points to verify if the model is ready to be replicated or if it still needs adjustments, such as: the product or service to be expanded still needs improvements; the receptivity of the target market to the product or service; what resources are needed to be successful; the chances of replication not being carried out correctly, compromising the impact of

the project; and what the goals are and whether they are aligned with the creation of social impact. An often used tool for an organization to gauge its readiness to replicate is by answering several questions that provide an organization's position on 10 key points. In this way, a survey was conducted with the three members of the current management as well as with the executive and operations directors and with the person responsible for the strategy and development area, in order to analyze the degree of aptitude for replication. This survey was developed based on 10 fundamental points. Social Enterprise Academy (2016) and Cele & De Bruin, (2015) explain these 10 key points as follows:

- Duplication - If the product or service is replicable locally without the need for major central support and if there is a concrete strategy to do so; (Question 1 of the questionnaire)
  - Evaluation - If there is a social impact proven by an independent entity; (Question 2 of the questionnaire)
  - Financial - if the model is sustainable and stable in the initial market; (Question 3 of the questionnaire)
  - Operations - If the model is systematized and all processes are properly defined; (Question 4 of the questionnaire)
  - Model - If the intervention model and social problem is clear to everyone and if there is someone on the team with the capacity to manage the replication process; (Question 5 of the questionnaire)
  - Demand - If the demand is identified in the target market and if an answer to the problem is needed; (Question 6 of the questionnaire)
  - Learning - If the product / service is easily transferable and adaptable to new locations; (Question 7 of the questionnaire)
  - Commitment - If the team and management are motivated by the replication process; (Question 8 of the questionnaire)
  - Identity - If the brand is recognized and has the potential to grow; (Question 9 of the questionnaire)
  - Reward - If the organization generates sufficient value in the sector for other entities to be interested in replicating; (Question 10 of the questionnaire)

Using these same 10 points as a basis, Temple, Carey, Brereton, & Jonsdottir (2011) suggest the quantitative assessment of each of these points to assess the organization in each of them and if the assessment is not ideal for replication, define a plan of action that allows reaching the ideal conditions to do so. The answers obtained in this interview will allow an evaluation of the business model, the internal organization, the demand for these products, what resources need to be

affected and which strategy and alignment this process should follow. The interview consists of 10 questions developed based on the study carried out by Social Enterprise Academy (2016), each question has three different answer options that reveal a negative answer (worth one point), neutral (worth two points) or positive (with a value of three points) in relation to the question asked. At the end, an average of the values in each of the responses is made to understand what the general feeling is in the face of the replication for the most decisive elements in Just a Change. The maximum score possible with this survey is 30 points (10 questions x 3 points). Thus, based on Temple, Carey, Brereton, & Jonsdottir (2011) the following scoring intervals were defined:

- Between 10 and 15 the organization is not close to being prepared for replication;
- Between 16 and 20 the organization shows potential to replicate, but is still far from having the capacity to do so;
- Between 21 and 25 the organization already shows capacity for replication, but still has work to do in some areas;
- Between 26 and 30 the organization demonstrates being able to start the replication process.

In addition to these 10 closed questions, each respondent was also asked in an open format what their main concerns were with regard to the replication of the project, what competitive advantages would allow Just a Change to compete internationally and others comments.

### 3. Analysis of Replication Models

In a third phase, a SWOT analysis of the different models of international replication will be carried out, in order to study the approach that each model may bring to the Just a Change values and cultures. In the end it will be chosen which model to follow for the replication.

The SWOT analysis, which investigates strengths, weaknesses, opportunities and threats (SWOT) of a given model is a traditional way of comparing different models (Andrews, 1987; Ansoff, 1965; Mintzberg, Lampel, & Ahlstrand, 2005; Porter, 1991).

### 4. Choice of country

A study will also be carried out to choose the ideal country to start replication. According to Cavusgil (1996), the first phase for choosing a market must consist of a screening of the factors that the organization values and that it needs to be successful. Gorecka & Szalucka (2013) and Cavusgil (1996) indicate that the choice of criteria should reflect and be directly related to the objectives and intentions of each organization.

Thus, together with the organization, the following criteria for analysis were chosen:

1. Relative urban housing poverty - Ratio between the number of cases of housing shortages in cities and the total population of the country;
2. Relative rural housing poverty - Ratio between the number of cases of housing shortages in rural areas and the total population of the country;
3. Total absolute housing poverty - Total number of cases of housing deprivation by country;
4. Standardized number of university students;
5. Normalized number of nights spent by tourists;
6. Standardized number of foundations and other philanthropic organizations;
7. Psychological distance

Regarding the weight of each criteria, some studies recommend assigning weights equivalent to all criteria (Gorecka & Szalucka, 2013), which was done in the current study.

The study was done only for European Union countries due to its social, economic and legal proximity, since it will be the first replication of the project, it does not make sense that it be carried out in a completely different and unknown environment for the organization. The fact that all the countries under study belong to the European Union guarantees a free movement of goods, services, people and capital, thus facilitating all the logistics associated with the Just a Change operation.

Psychological distance is understood to be the combination of all factors that prevent the exchange of information between organizations and the market in which they operate (Johanson & Vahlne, 1977). In this way, it is advantageous for a company to choose countries that are culturally closer to the country of origin (Melin, 1992). Thus, in this study, the countries of southern Europe - Spain, Greece, Italy, Malta and Andorra - were considered culturally close (Bradshaw, 1999). The CIA (2020) considers that although the countries belonging to this group have their own cultural traits, they are culturally close countries. The economies of this group of countries are also quite similar to each other, with a strong emphasis on agriculture for domestic consumption and exports, with the industrialization of the countries being more limited and relatively located close to large cities (Nijman, Muller, & de Blij, 2016)

Thus, in a first iteration, the 28 countries belonging to the European Union were ordered in each of the factors 1 to 6 mentioned above. In a second iteration, of the 15 countries with the best

score, the countries with the lowest psychological distance from the country where the organization is located were selected.

### 5. Replication Strategy Definition

Based on the document "Social Franchising: A Way of Systematic Replication to Increase Social Impact" written by Ahlert et al. (2008) seven key elements were defined based on the guidelines, practical cases and checklists presented throughout of the document. By combining the lessons learned from the document with the core values of Just a Change, the seven elements that serve as a basis for the definition of the strategy were selected: Mission and vision; Scope; Responsibilities; Partnership management; Quality Control; Financial model; Legal structure.

As these seven elements are too broad on their own, it is required that the first four steps of the methodology are completed in order to accurately decide on the strategy elements.

## **5. Results and Discussion**

### **5.1 Impact Creation, Financial Sustainability and Product Portfolio**

In the 9 years of activity since its foundation Just a Change has had significant growth in terms of impact created. Since 2015, a growth of over 40% can always be observed in the number of houses and institutions rehabilitated. This growth is also accompanied by a substantial increase in the number of beneficiaries over the years, as well as expansion into a new city with permanent operations.

Since its structure has been professionalized, Just a Change has seen tremendous revenue growth, but more importantly, an increase in financial sustainability, which indicates the percentage of non-donation income. In this respect there is still some work to be done, but it shows major improvements compared to the first year this measurement was taken.

Just a Change now has a solid and balanced portfolio through its action programs: Turn Up & Keep Up, Camp In and All In. The incorporation of international volunteers is seen as contributing to the sustainability of Just a Change because each one pays a much higher amount than the costs it represents, unlike national volunteers who only pay enough to cover the cost of insurance against accidents. Although each program has its own particularities, the portfolio resulting from the combination of all programs enables both impact and financial sustainability objectives to be achieved.

### **5.2. Replication Readiness**

In order to assess Just a Change's readiness towards a replication process, a survey was given

to the members of the board of directors and the executive management of Just a Change.

Based on the answers the following action points were suggested:

- Systematize a social impact measurement system and define the KPIs that fit this measurement. Continue with existing physical impact measurement systems;
- Improve the existing business model to ensure its long-term sustainability. Better profit opportunities need to be explored such as All In projects and the incorporation of international volunteers;
- Studying solutions to reduce execution costs. By simplifying some processes, it may be possible to lower overheads;
- Develop a more thorough communication strategy that ensures presence on social media platforms and other media, thus ensuring that brand reach is as wide as possible.
- Select or hire a person who is the leader of the replication project. Preferably this person should have replication experience from other organizations;
- Define the role of each internal department within Just a Change in the replication project and ensure that there is a Full Time Equivalent (FTE) commitment from each replication department;
- Systematize the entire model and create implementation and management guides;
- Ensure sufficient internal resources to develop and implement a replication strategy;
- Document all internal processes in such a way as to allow replication and eventual adaptation of these processes depending on where the project will be implemented.
- Develop a concrete vision and expected outcome for the replication model. It is necessary to define what is considered success for this project through goals to be achieved and KPI to follow;
- Establish alignment between all Just a Change key stakeholders in order to move forward;
- Establish what functions and processes are required to successfully replicate;
- Ensure that the project leader is selected prior to strategy development so that he or she is also involved in the definition process from the outset.
- Define criteria for the target geographies;
- Develop a list of success factors to understand what it means to succeed elsewhere;
- Develop a desired profile for project implementers so that a recruitment strategy can be put together;

- Develop communication channels in the main chosen geographies.

### 5.3. Entry mode selection

After analyzing several possible entry modes for the replication process through SWOT analysis, social franchising or subsidiary creation models were selected as the appropriate methods for Just a Change replication in particular. This process was based on an analysis of the disadvantages of each model and using them as exclusion criteria for each model.

Dissemination based models cannot be used in the context of Just a Change as the organization has a high degree of organizational complexity and has a high operational risk associated. Another reason for excluding these models is that monetization of this model is not possible.

The reliance on existing partners with Just a Change aligned missions is the main exclusion criterion for accreditation models, federations and associations, besides, the level of control over replication and operations would be very low, the prospects of monetization was scarce and a strong brand was needed to start this process, it was considered that these models did not fit Just a Change either.

Just a Change's three key resources are volunteers, access to local networks, and materials. If, on the one hand, strategic partnerships could be very useful in terms of materials, it would be more complicated to get partnerships in terms of volunteer recruitment or allowing access to local organizations. So, the strategic partnership model, while important for a Just a Change replication process, should not be the core model.

The social licensing model is not appropriate for Just a Change as there is no intellectual property that can be registered to be licensed to potential replication stakeholders.

A joint venture can be very valid and useful in complex markets that are quite different from the organization's original market, but a joint venture requires a high effort to set up and manage, making the process slow, complex and capital intensive, so it's not the ideal model for Just a Change.

The subcontracting model is also not ideal for Just a Change due to the high capital requirements and constant cash flow necessity. Just as the strategic partnership model the subcontracting model is also important in the replication process as it will always be necessary to hire short-term specialized labor for specific projects, but it should not be considered the core model in which replication is based.

Just as in the accreditation models, federations and associations in the mergers and acquisitions model it would be quite complicated to find the

organizations to merge or acquire with, this factor coupled with the high capital requirement makes this model not suitable for Just a Change base its replication process.

After excluding models that would not be ideal for replication, it can be seen that both the social franchising model and the subsidiary-based model are applicable and make sense in the context of Just a Change. While the franchising model requires less internal capital, is faster, has the potential to monetize and allows for synergies with partners, on the other hand it also implies a greater effort on Just a Change's part to have its products and services standardized, spending resources in finding and training partners, and the need to develop a monitoring and control plan to ensure the desired quality and impact. The subsidiary model offers full control over the replication process and a much lower reputational risk, but is a much slower way to scale, requires a lot of capital and does not allow for synergies and expertise from local partners.

Thus, the ideal model should be a mixed model where most replications will be through a franchising model, however Just a Change may have some subsidiaries that serve as the basis for further franchising, for example European expansion would be based on a franchising model, but in the expansion to the American continent Just a Change would open a subsidiary on that continent to serve as a base of operations and start a new expansion on that continent under the franchising model. As a possible expansion to another continent will be a relatively distant process in time the dissertation will focus only on the social franchising model going forward.

### 5.4 Country Selection

The selection of new markets was based on six factors: the existence of the problem of housing poverty in each country in absolute terms (number of needy households) and relative (percentage of needy households in relation to the country's total population); the existence of universities and how many university students there are to be the basis of the volunteer network; the possibility of attracting international volunteers to help with the financial sustainability of the project; the availability of funding and philanthropic organizations; cultural and geographical proximity to Portugal. The study was done only for countries of the European Union due to their social, economic and legal proximity, since it will be the first replication of the project, it does not make sense that this is carried out in a completely different environment and unknown to the organization.

The study included the 28 countries of the European Union - Italy, Greece, Poland, Austria, Hungary, United Kingdom, France, Romania,

Bulgaria, Portugal, Croatia, Germany, Spain, Latvia, Belgium, Sweden, Denmark, Czech Republic, Lithuania, Holland, Slovenia, Estonia, Slovakia, Luxembourg, Ireland, Cyprus, Finland and Malta - in a first iteration, countries were ranked from 1 to 30 on each of the selected factors, where the country ranked 30 is the country with the highest incidence of housing poverty (Eurostat, 2018), greater number of university students (Eurostat, 2016), greater tourist influx (Eurostat, 2017) and greater number of foundations (European Foundation Center, 2017).

In a second iteration, the countries with the greatest cultural proximity to Portugal were Italy, Greece and Spain. Italy presents itself as the ideal place for replication, it is the country with the highest number of households in a situation of housing poverty in absolute terms, it is among the 10 countries best positioned in the remaining factors and it is still in the fourth position regarding the presence of foundations and other philanthropic organizations. Greece, despite appearing in second place on the list, has some disadvantages compared to other countries that are worse positioned, since all the economic activity revolves around Athens and the existence of numerous islands can cause quite a lot of logistical difficulties. Despite the low relative incidence of the problem of housing poverty in Spain, the country is still in the 10 countries with the highest incidence in absolute terms, given that it is the country with the greatest geographical proximity to Portugal, Spain may be, alongside Italy, a good destination for replication.

### **5.5. Replication Strategy**

The strategy for the replication process was based in seven main areas:

#### 1. Mission and vision

The vision should contemplate what it means for the organization to succeed, in the context of replication success can be broken down into success for the overall group and success for each location.

For each location:

- The franchisee can deliver measurable results and social impact;
- The franchisee can be financially sustainable and profitable;
- Just a Change's model is considered an appropriate response to the problem of housing poverty by partners in the franchisee context;
- Interventions are properly communicated which helps increase Just a Change's international recognition.

For the overall organization:

- Just a Change's brand is internationally recognized and its model is considered an

effective response to the problem of housing poverty;

- Just a Change's partner network grows with new public, corporate, university and other partners;
- Just a Change's financial position as a whole improves, enabling sustained growth and better monitoring of the replication process;
- Learning from each of the new franchisees enables continuous improvement of operations and impact.

#### 2. Scope

Internally, it is essential that the organization realizes how many branches can be managed by the central organization, in order to ensure that growth is always sustained and aligned with the Just a Change's vision and values. The services to be replicated would be the three Just a Change intervention programs - Turn Up, Camp In and All In - since it is the balance between the impact and the financial sustainability of each model that allows the performance model to function as a whole. An initial sequence was devised to implement the different programs. Replication should start with a Camp In program, since it is the program with the greatest ease of monitoring by the central organization, this program would serve as a basis for learning for franchisees and attracting partners. After the Camp In the presence of Just a Change has already started and will be able to carry out a Turn Up program with some partners raised for the previous program and already with some recognition on the part of the volunteers. This program will serve to build a large network of volunteers, to cement partnerships and possibly get new partners and corporate contacts. Finally, with a more mature volunteer network and with defined partnerships, the All In program will be implemented, which will be the essential factor for the financial sustainability of the nucleus and will allow for sustained growth and better development and optimization of operations.

#### 3. Responsibilities

As the main organization, Just a Change has the responsibility of systematize all the information, educate the partners and provide central support. The franchisee has the responsibility of adapting the model to suit its new location, having all the operational details working and monitor the quality and report to the central organization. The implementer must meet the following requirements: Alignment with the mission, sense of responsibility, organization capacity; networking abilities; preferably a previous link to the project. As sources for potential implementers Just a Change should focus primarily on their previous volunteers (possibly also their former

international volunteers) as they will already have previous experience and most likely are fully aligned with the mission impact creation. Other possibilities for enlisting implementers will be local universities and similar organizations that are interested in replicating the model. As a recruitment strategy there are several possible options: Roadshow, media, recruitment Camp In projects.

#### 4. Partnership management

For Just a Change replication the involvement model must be participative, where the implementer is involved in the decisions and has voting power in the various decisions, since one of the reasons for choosing a franchising model is that it is necessary to adapt the model to the particularities of each location, so it makes sense that the elements with the most local experience are involved in the decision making process.

#### 5. Quality control

Monitoring the replication process is vital to measuring and verifying the success of the entire project. Evaluation is essential to demonstrate Just a Change's impact to potential partners and to understand if the franchising strategy is viable. This monitoring also enables a constant improvement of good practices that can be applied to the entire network to improve all processes. The responsibility for this monitoring and evaluation process should be shared between the central organization and the implementer and these responsibilities must be well defined at the beginning, so it is essential to develop financial, operational and impact measurement KPIs. In addition to evaluating the organization as a whole, it is also necessary to rigorously evaluate each franchisee so that partners can be rewarded for their performance and remove those who are failing to meet the objectives of the franchise network.

#### 6. Financial model

From the central organization the financial model should include the receivables of franchising fees that each implementer has to pay to replicate the model and have access to all available tools, these fees can be fixed rates, performance variables, sharing profits or other mode of reimbursement. In terms of costs the costs of support to implementers should be considered, depending on the level of centralization these costs will mainly focus on marketing, implementer training and travel.

In its model the implementer should contemplate payables similar to the payables of the current Just a Change structure that will be to cover rehabilitation costs, employees and fixed costs of the structure in the new location, these costs must

be adapted to the salary level of the region. to implement. To these costs the implementer must also add the fees that are defined in the franchising agreement with the central organization. At the receivables level it is important to have a clear definition of project funding sources and realistic growth projections, in the case of Just a Change currently funding sources vary with the project location, at this time the inputs tend to be public entities, foundations or companies.

#### 7. Legal framework

For Just a Change as the central organization there should be a centralization of some legal issues for the various members, such as insurance issues, there must be a clear definition of the geographical areas of each core to avoid conflicts between different cores, it is necessary to ensure that franchisees non-compete agreements due to the risk that any of the franchisees will start an identical organization under their own brand and the ownership and legal configuration of the central organization must be well defined.

In the context of relations with the implementers each must sign a contract with the central organization that is very clear regarding the obligations of each of the parties; franchising fees, how they are calculated, when they should be settled; naturally an implementer will be allowed to use the branding, but must comply with certain standards to ensure uniformity across the organization; Intellectual property, certain tools and processes created by Just a Change and are its intellectual property, so it is necessary to ensure that the implementer does not use these same tools for other purposes; Termination clauses, it is necessary to be provided for in the contract as the franchise can be closed at the will of each party.

#### 6. **Conclusion**

The problem of housing poverty is present not only in Portugal, but also in every country in the world, it is too broad a problem for the little response that exists in the universe of social organizations worldwide. Just a Change aims to combat housing poverty in the world and for that it needs to expand its intervention outside the national territory. This dissertation made it possible to study the current Just a Change intervention model and define a replication strategy that would allow it to expand its impact while maintaining its quality indexes, reaching several objectives that allowed the definition of this same problem. Before the development and analysis of results, it was necessary to review the existing literature regarding internationalization processes, non-profit organizations and the way in which these two themes work together, this



study made it possible to build the basis on which the problem was based.

The first step in developing the replication strategy was to analyze and contextualize the organization's current moment. For this, the impact of the portfolio of services offered by Just a Change in terms of financial sustainability and the creation of social value was analyzed. Thus, it was possible to conclude that the intervention programs in private homes such as Camp In and Turn Up are the ones that generate the most impact, but that the corporate volunteer program is the one that most contributes to the sustainability of the project. Then, an analysis was also carried out on the performance indicators since the creation of the project until the present moment, where there was a constant improvement in all indicators, with greater emphasis on the financial sustainability indicator, which indicates the percentage of revenues that do not come from donations, which increased from 2% (Year 2015) to 78% (Year 2019), thus demonstrating the evolution in the sustainability of the model.

The next step was to assess the organization's ability to replicate. This step was carried out through a questionnaire to all members of the board of directors and to the three executives of the organization. In this questionnaire, the capacity of the model to generate impact and how it was measured was measured, the sustainability of the model, the systematization of processes and the possible search for solutions such as those offered by Just a Change. With the answers provided it was possible to conclude that despite being close to being ready to start a replication project, there are still some action points that must be resolved before this process starts.

Then, a survey was made of the various possible entry modes for an organization like Just a Change. All entry modes were analyzed using SWOT matrices and key factors for success. After analyzing all the entry modes, an exclusion was made of the modes that for various reasons could not be applicable in the specific case of the organization under study, reaching the conclusion that the most suitable methods would be social franchising and the opening of subsidiaries, a since they are models that allow the organization to maintain some control over the impact created, thus lowering the reputational risk of the brand. The ideal model is to create a few subsidiaries on each continent and each of these subsidiaries to expand within their continent through social franchising. Bearing in mind that in the near future only expansion in the European continent will be contemplated, the definition of the strategy and the pilot project was thought only based on the social franchising model.

Regarding the choice of country, a selection of the countries with the best conditions to start the replication process was defined through a comprehensive study of the 28 countries belonging to the European Union and their indices of housing poverty, the presence of university students, the existence of philanthropy and cultural proximity. At the end of the study, Italy, Greece, and Spain were chosen as the most suitable countries for replication, a brief analysis concluded that ideally Italy and Spain should be the first destinations for the Just a Change replication.

Once social franchising was chosen as a model for entering the new markets, a strategy was devised to do so. Thus, seven essential points were defined for the construction of this strategy: clear definition of the mission, vision and objectives desired for the replication process, responsibilities of each entity in a franchising process, models for monitoring and managing the partnership, as well as models that dictate the quality standards and how it should be monitored. A financial model was also defined with the responsibilities of each part of the agreement, as well as the creation of an initial budget for carrying out a pilot social franchising project in one or two new locations. As the last point in the definition of the strategy, the basis for a legal structure that should support all franchising agreements as well as the main organization was defined. As a last step in the development of the dissertation, a model was created for a pilot project of 24 months of implementation comprising all stages from the conception of the strategy to the independence of the new location.

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