

NEW TRENDS IN THE CREATION AND MANAGEMENT OF SOCIAL ENTERPRISES CASE STUDIES

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Esclatec case study

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Goals of the Case Study:

- Identify differentiation strategies with respect to other companies thanks to a "radical" social label.
- Find other companies that offer work for collectives with cerebral palsy. Identify the differences in how they operate.
- Discuss the social economy's distinguishing traits.
- Creation of a brand image and brand loyalty.
- Identify market segments and proposals for attracting/educating potential customers.
- Analyse the idea that putting all kinds of disabilities into the same bag is highly likely to be unfair. Identify disabilities and degrees of disability, based on the job to be done.
- Open a debate on the assistance to workers with cerebral palsy needs so that they can carry out their work efficiently.

Introduction

Cerebral palsy is a permanent disorder that affects psychomotor development. In fact, cerebral palsy is the most frequent cause of motor impairment among children [1]. It is estimated that between 2 and 2.5 out of every 1,000 babies born in Spain have cerebral palsy. In other words, one in every 500. That means that, in Spain, there are roughly 120,000 people with cerebral palsy [2].

In 1977, a group of families with this problem, faced with the public administration's failure to act, founded an association and created a centre to attend the educational needs and therapeutic care of their children. As these children grew up, the need to expand the organisation's services became apparent. Thus, the ESCLAT association [3] was created. Today, this association includes (see Fig. 1):

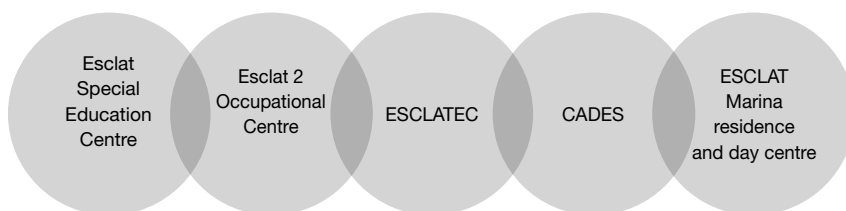


Fig.1 Centres linked with Esclatec

- **Centre d'Educació Especial Esclat (Esclat Special Education Centre) (1977):** Special semi-public school partly funded by the Catalan government, provides education to students with cerebral palsy and multiple disabilities during their schooling years (3-21 anys). There are 40 spots. The centre works with an adapted school curriculum and offers shared schooling with ordinary centres [4]. Esclat enjoys a long history of educational innovation and offers its students learning, relational, social and environmental resources, as well as advanced methodological and technological materials, which are specially designed to respond to the two main cross-cutting areas of communication and movement.
- **Centre Ocupacional Esclat 2 (Esclat 2 Occupational Centre) (1994):** Gives assistance to people with cerebral palsy or similar disabilities who are over 18 and that due to their special needs, cannot be productive or need prior training for their successful professional integration.
- **ESCLATEC (1998):** Special Employment Centre whose workers have severe disabilities. Esclatec has become a benchmark for the professional integration of people with severe disabilities. It manufactures products with technology developed in its own R&D&I2 department (Research & Development & Innovation & Inclusion) for the assistive technologies sector and for the industrial, logistics and energy sector. The R&D&I2 department designs products to be manufactured by people with disabilities and to facilitate the lives of people in the area of communication, mobility and assistive technologies.

- Esclatec collaborates with the Les Corts Digital Fabrication Centre, the Polytechnic University of Catalonia (UPC) and the Elisava School of Design and Engineering (UPF). In 2015, it signed a collaboration agreement with the company Rolser to jointly develop the ROLSER by Esclatec motorised shopping trolley.
- Today, Esclatec's workforce comprises four engineers, one director, one administrative worker, roughly 15 workers with cerebral palsy and two social workers who interface between the engineers and workers with disabilities. From time to time, students come for work placements or to undertake their final year project. Staff selection is always done in centres of the Esclat association, where workers are chosen based on their abilities and possibility to adapt to the tools they need to work with (Fig. 2).
- Esclatec belongs to the Sinergrup association (Group of Entities with Social Synergy) [5]; this association brings together eight non-profit social economy organisations working with vulnerable groups, basically people with disabilities and mental disorders.
- Esclatec is registered as a public utility entity, therefore enjoys tax incentives and certain guarantees from the Public Administration.



Fig.2 Workshop in Esclatec

- **CADES (2001):** Specialised Day Centre provides a service for 32 adults with severe multiple disabilities. Due to the assistive needs of these users with multiple disabilities, their care takes up a large part of their time.
- **Residència i Centre de dia ESCLAT Marina (ESCLAT Marina Residence and Day Centre) (2011):** The aim of the centre is to favour the independent living of persons with multiple disabilities, giving them the chance to live independently. It offers 50 residential places, four Respir places and 30 places in the daycare centre. It has a laundrette with a control system developed by Esclatec's R&D&I Department managed by people with disabilities.

The focus of this document is the Esclatec Special Employment Centre.

Business Idea

The idea to create Esclatec arose from the need to continue the education and process of personal fulfillment of the young people who had studied at the Esclat Special Education Centre.

Esclatec is a CET (Special Employment Centre) whose main aim is the professional integration of people with brain disorders. The aim is not to make money through the sale of goods or services, like a conventional company, but rather to improve the quality of life of its particular workers.

Esclatec, as a company, offers to the general public new products and services, with a strong technological and social component. The core business is based on designing products that improve the quality of life of people with reduced mobility helping accessibility and how people relate with their surroundings.

Products Offered

Esclatec has various innovative product lines on the market.

Within their line of products there are motorised wheelchairs, such as the Estel chair, which facilitates movement in small spaces, even allowing for sideways movement parallel to walls or furniture. The Estel chair incorporates a new concept of mobility controlled through an App which provides connectivity with other devices and which considers accessibility in its use. Also in this line is the Mercar motorised shopping trolley [6]. This trolley (see Fig. 3) allows users the option to either push or pull and has an excellent turning capacity thanks to the design of the rear wheels. It can be used on slopes with a gradient of up to 10% and the grips of the wheels help with the steps.



Fig. 3 Motorised shopping trolley

Another line of products are industrial automated vehicles. Within this line, they manufacture the AGV Logistic and AGV Cranc. These are versatile vehicles, easy to install and require practically no maintenance. The system is flexible and adapts to any kind of manufacturing environment. They are designed so that their circuit can be easily modified by any operator. There is no need to invest in infrastructural changes.

In another line there are the launderette control systems, which enable the automated identification of clothing items. This is done through an RFID radio frequency system. The software uses a very simple interface to keep track of all the information, with illuminated indicators which show where the clothing items should be placed.

Esclatec also works with mobile apps, like Esclatic, the instant messaging app for tablets and mobiles. This is an application designed to be used by people with varying degrees of cognitive, physical and mobility impairments.

Services Offered

The workers undertake work related with electronics and mechanics for other companies. They have the proper equipment adapted to be able to provide a good quality service. They have collaboration agreements with different companies (*MES Engineered Solutions, Bicing, Ecobike,...*) for whom they carry out a part of the production.

In the workshops they assemble panelboards, circuit boards, different kinds of wiring, electric bike assembly (Fig. 4), spoke tightening and wheel balancing, inner tube and tyre fitting...

Fig.4 Electric bike assembly



They also have a printing workshop where they provide work to employees not skilled in mechanics or technology. In this workshop, for example, they do printing for caps, t-shirts, and other merchandising for events.

They also offer advice to professionals on how to deal with people with disabilities, such as technical advice at the Hilton Hotel for dealing with the blind or people with mobility impairment.

Mission, Vision and Values

People with cerebral palsy have traditionally been unable to enter the job market. As a group, they have greater difficulty than any other when it comes to professional integration. In the unlikely case that they find work, it will often be doing routine jobs with little motivation. Esclatec decided to offer this collective good quality work.

Esclatec’s mission is to make a contribution, through an ethical commitment, assistive tools and opportunities, so that everyone with cerebral palsy or other similar disabilities, and their families, can lead a fulfilling life, and promote their inclusion as citizens in their own right in a fair and inclusive society.

Dignity	Participation	Ongoing and adapted training	Innovation	Service provider
Commitment	Quality	Professionalism	Internal and external involvement and collaboration	Transparency
	Trust	Streamlined and dynamic	Teamwork	

Fig. 5 Esclatec’s values

Esclatec's vision is to be a benchmark for people with cerebral palsy and their families, offering an example for families, users, administrations, professionals and society, and inspiring others, every day, through their innovation, participation and commitment.

Relationship between the Social Issue and the Business Idea

The company's aim is to search projects and clients to be able to offer work to people with cerebral palsy. Therefore, new products are constantly being developed that facilitate their lives and possible buyers/distributors are sought with the objective to manufacture these products. This is what is known as R&D&I2 (Research, Development, Innovation and Inclusion).

They work based on the concept of inclusive design, which essentially means designing new products keeping in mind who is going to assemble them. All the workers have different disabilities and at different levels. Pieces, tools and work materials must be adapted to the needs of each worker. The added value is that workers can undertake jobs with a certain degree of specialisation, and not only routine tasks, that is, tasks that provide value to the work.

Among the challenges faced by Esclatec there is the lack of flexibility for production changes. Responding to demands for increased production is not easy. They need to hire new staff, selecting them from Esclat's own centres. The training process is slow. The staff cannot be trained in a week. Neither is adaptation to the machinery.

Esclatec has a ceiling with respect to the number of workers it can absorb. It could raise its from current number of workers 15 to 50 (or 60 maximum), but no more than that with its current structure.

Another of their challenges is selling their products due to the nature of the workers. Selling printed clothing done by people with disabilities is very easy, but selling technology is not. In many cases, potential clients back out when they find out that the product will be made by people with disabilities. The fact that the company is a

CET reduces potential clients' confidence. The projects they have undertaken over the years have come as a result of a clients' proximity with someone with a disability. Companies are happier to offer financial assistance than to contract them.

Esclatec also faces difficulty when accessing credit. Banks are not willing to lend money, as in the event of any unpaid loans it would be very damaging for the bank's image if it has to evict workers with cerebral palsy from the premises.

Another problem they have to deal with, which is worth mentioning, is that they are often placed in trade fairs for healthcare and disabled associations and not in fairs where they can promote their products. That said, recently, *Barcelona Activa* [7] has paid for a stand for them in the last two editions of SIL (International Logistics Exhibition) [8]. The nature of Esclatec's work means the company needs to be present at exhibitions and trade fairs related to technological innovation, as this is where they can exhibit their products and attract clients.

How Can the Problem Be Resolved?

The idea from its beginnings was to come up with a way of integrating people with disabilities into the professional world who would otherwise be unable to enter the job market. Esclatec states that with the right support, this kind of worker can undertake relatively complex activities and not just routine tasks.

After several years, this goal has been achieved: Esclatec provides good quality work opportunities. The sense of integration is far greater for people working on prototypes for an innovative design than for those who spend day after day doing mundane jobs. The workers at Esclatec are not just factory workers. They argue that it is far better to make something worth €1,000 than a thousand things worth €1.

Everyone is productive and achieves their goals. It's just a question of giving them the right assistance. Given the characteristics of the workers, the machinery needs to be adapted to their specific

disabilities. The aim has been to seek simplicity in design, keeping production costs down and having an assembly system that enables production. For example, tubes that can be joined without having to be soldered, and can be easily put together by people with disabilities.

With respect to the aforementioned challenges and issues, the hope is that with the visibility of this and many other cases like it, these challenges and issues begin to dissolve into what could be considered as normal everyday life.

Other Companies Doing Something Similar

Esclat belongs to an association called SINERGRUP in which another seven entities offer opportunities to vulnerable groups, mainly people with mental disabilities and disorders.

These seven entities offer work in gardening, forest maintenance, cleaning, component assembly, packaging, labelling, building maintenance, craftwork, parking security, production and distribution of ecological agricultural products, etc. But they work with groups with intellectual impairment or mental disorders, not cerebral palsy.

Location of the Business Centre

Esclatec has its own research, development and innovation department [R&D&I] for product design and manufacture, with its own technology and patents, in the sector of assistive technology for people with disabilities in the industrial, logistics and energy sector.

Esclatec is located in the centre of Barcelona. The intention is to create completely normal living conditions for its workers who, among other things, use public transport, -and not special means of transport- to arrive at their workplace.

Forecasts of Future Production and Sales

Esclatec, by definition, is a vibrant and dynamic company, constantly innovating and moving forward. This is what makes up its DNA. It is currently undergoing a period of growth. The objective is to produce between 3,000 and 4,000 motorised shopping trolleys a year. That means increasing the current production of 40 trolleys per week to 250. They would also need new premises for setting up a new workshop that can cope with these production levels. Rolser's final goal is to produce 60,000/year, which is way beyond Esclatec's means. Its long-term strategy is to channel part of the manufacturing work to other nearby CETs.

The Barcelona City Council has shown an interest in the spherical Estel wheelchair. This chair is of great use as it can be manoeuvred in small spaces and therefore reduces the need to adapt furnishings for people with disabilities. This chair can avoid the costs entailed in adapting entrances, toilets, corridors, etc.

Together with design school ELISAVA they are working on the design of "inclusive toys". These are toys designed so they can be used both by disabled and not disabled people. They are currently also working on the design of sex toys.

Sales correlate 100% with production. Esclatec does not produce anything that hasn't already been ordered in advance by its clients.

The Mercar shopping trolley has gone onto the market at a retail price of €330 (inc.VAT).

For all other products it is hard to specify, as almost everything they sell is based on personalised services that are tailored to their clients, and different prices are set for almost every order.

Financial Forecasts

Before outlining Escatec's financial forecasts it would be useful to recall its financial trajectory: Esclatec was founded in 1996. From the beginning, its financial results steadily improved until 2007, when the big financial crisis struck.

For example, before the crisis, one profitable line of production was manufacturing control cabinets. Cabinets were manufactured for cement injectors or cold storage. Before the crisis they were producing 60 cabinets annually, and there was enough demand to increase production to 120. It was a good source of revenue. In 2007, when the crisis began, they sold only 20. For a couple of years they had losses. The Esclat's shared funds helped Esclatec during the crisis. Other sources of income during the crisis were the automated services in the Vila Olímpica, for which they provide a maintenance service.

The economic crisis left them without enough work to give to all their employees. This created social problems as the workers with disabilities lost their jobs. Aware of the problem, the Catalan government set in motion a feasibility plan, which basically consisted in investing in machinery.

In 2009, they signed a contract with the Bicing service (Clear Channel). They began to carry out wheel spoke tightening, the wiring of bike stations and also a repair workshop.

During this period they also signed a contract with Ecobike (a company that manufactures electric bikes). From this moment on, the commercial side of the business began its recovery.

They decided to adopt a philosophy of working on their own products. Rather than limiting themselves to production, they opted for innovation and design. In this line, they designed the Mercar shopping trolley. They exhibited at the Barcelona Design Museum. Rolser, the n°1 shopping trolley manufacturer (600,000/year), saw the trolley at the museum and showed an interest in 2014. In 2015, they signed an agreement. Esclatec would manufacture the trolley and Rolser would provide its network to market and sell it. Their condition was to work under the brand Esclatec-Rolser.

To avoid their dependence on Rolser, they decided not to stop the design and manufacture of their own shopping trolley, which has different features.

Also with the idea of avoiding their dependence on a single product, they continued their periodic production of AGVs (automated guided vehicles). They manufacture AGVs for Hitachi, for their air-conditioning unit factory, and are negotiating the production of five units for a cardboard factory in Alacant.

Throughout these years they have signed collaboration agreements with the UPC (chair automation), the *Barcelona City Council* (Esclatic or spherical chair), with *Elisava* (inclusive toys), with *Roca* (merchandise printing for trade fairs), with ROLSER (automated shopping trolley), with *General Electric* (components for wind turbines), with *Hitachi* (AGVs), with *Ecobike* (bicycle spokes), with *Clear Channel* (bicing), with *VolksWagen* (AGVs), ...and they expect the list to continue to grow.

Financial Results

In the case of Esclatec, it is more fitting to talk about social profit rather than financial profit. We should remember that Esclatec is a social enterprise whose main aim is to provide good quality work for young people with cerebral palsy. And it has been achieved with flying colours.

In fact, *Staff Expenses accounted for 82% (2011) and 69% (2013) of their total income. This is the institution's most important item, which makes sense if you consider that the institution's end goal is to provide work for people with cerebral palsy.*

*Esclatec gives good-quality specialised work to 15 young people with cerebral palsy, which has a positive effect on their personal development and helps them to feel fulfilled. **This is a huge social success, which would have been unthinkable at the outset.***

Although financial self-sufficiency is not their main goals, thanks to their productivity they have steadily improved their self-financing capability and, **today, more than 50% of the business is self-**

financed. And they have made steady improvement along the way.

Thanks to being a CET, 50% of the minimum salary is subsidised. In addition, the workers with disabilities are exempt from paying Social Security. They also receive the USAP [9], an additional grant from the Catalan government for people with disabilities above a certain level.

It is true that Esclatec, for its survival, relies on financial assistance from the government. Subsidies and grants account for almost half of its revenue; which means that any delays or budgetary issues of the administration or the institution's sponsors will have a significant effect on its economic capacity.

That is why they believe that looking for financing by contacting the CSR departments of big corporations could be a long-term option (at the moment, this concept accounts for no more than 5% of their income).

Social Impact

With regard to Esclatec, the Catalan government has said that **no other special employment centre in Europe employs workers with such high levels of disabilities.**

They work with R&D&I²: research, development, innovation, inclusion. Inclusion is not aggregate. It multiplies. Social inclusion stems from professional inclusion:

- They learn to use tools with a certain level of sophistication and believe themselves capable of doing so.
- They don't only earn themselves a salary, but also their independence. They develop their own self-confidence. They break the ties of dependency on their peers. The young people can do many different things in their everyday lives, and they know that because at work they undertake far more complex tasks. They travel by themselves, form friendships and meet colleagues, with whom they go out and have fun.

They leave home and are no longer shut away. They all use public transport. It is unusual now for them to take special means of transport (as they would have done a few years ago). Without the I² they would never have achieved such levels of independence.

Social success has not only meant achieving their inclusion as workers, but also completely changing the habits of their peers and families.

Awards

- 2001 “ONCE” Catalonia Award.
- 2001 Josep M. Piñol Award for innovation in the struggle against unemployment.
- 2002 Barcelona Award for Entrepreneurship as a Solidarity Enterprise.
- 2006 ACCÉS award from the Fundació Sales for research into and resolution of accessibility.
- Special mention for the Candi Villafañe Award for projects promoting equal opportunities and non-discrimination. Lleida City Council. 2015
- Horta-Guinardo Award. 31st edition. 2017

Questions

1. What do you think are the main characteristics that distinguish the social economy from the so-called competitive economy?
2. Look for other companies that give work to people with disabilities and mental disorders. Highlight the characteristics that set Esclatec apart from the others.
3. Analyse the profit and loss account during the period 2011–2013.

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Entitats col·laboradores

