

LA CASA DE CARLOTA: A STUDIO WHERE THE DIVERSITY WINS¹

The origin

La Casa de Carlota (LCDC) is the brainchild of Sergi Capell and José María Batalla. The idea emerged in 2011 when the latter was working on a project called "Fish do not get wet" ("Los peces no se mojan"). The project involved the production of a documentary, a short animation and a manual with activities, created by children with and without Down's syndrome to explain to schoolchildren what Down's syndrome is. During work on this project the founders realised that the way of people with Down's syndrome perceive the world could become the embryo of a very special graphic design studio that combined diverse abilities, talents and brains and opened hitherto unexplored roads towards creativity.

The studio was founded in 2013, the same year as the daughter of the founders' friends who has Down's syndrome and whose name is Carlota, hence the studio became Carlota's House, or La Casa de Carlota.

LCDC is a professional design studio whose main services are promotion and advertising campaigns and packaging. Since its creation it has carried out projects for important national and multinational companies, as well as state institutions (*fig. 1*). The competitive advantage of the company is based on having a creative team with different minds that produces surprising results.



Figure 1. Examples of LCDC's main works and clients

The Founders

José María Batalla has worked for more than 25 years directing creative teams and has been a director of the Lorente Group, Euro RSCG and Havas Worldwide. One day he discovered that creativity could also serve to help brands sell more whilst at the same time contributing to a better and more sustainable world.

Sergi Capell has worked for 22 years in the financial sector, the last 12 of which he was a director of the "Obra Social Caja Madrid" project in Catalonia and the Balearic Islands. He decided that the time had finally come to start his own enterprise, taking advantage of all his experience, and so he founded 1000friends² with José María Batalla.

¹ The case study was designed by Nina Magomedova and Ramon Bastida, teachers of the Universitat Internacional de Catalunya. To obtain the teaching notes please contact nmagomedova@uic.es.

² 1000friends is a communication agency that specialises in corporate social responsibility, and was founded in 2012. It is the owner of LCDC.

Mission, vision and objectives

LCDC's mission is not very different from that of other professional design companies: developing excellent campaigns to enable companies to communicate a message to their customers, suppliers, etc. In the words of José María and Sergi:

"The mission of the company is to propose creative ideas through the interaction of a multitude of different and interdependent elements. The greater the multiplicity, interdependence and diversity the greater the complexity, but also the creativity.

"The main difference does not lie in what we do, but how we do it."

Five years ago, the studio's founders decided that in order to come up with unconventional ideas they would need a team that included unconventional people. They got in touch with the *Aura Foundation*, which works to improve the quality of life of people with intellectual disabilities through social and labour inclusion. The idea was to create mixed work teams that would include both professional designers and people with disabilities with a lot of talent and creativity.

"Our idea was not to create a social enterprise that integrated people with disabilities into the workplace; we simply wanted to hire talented people who would contribute new ideas and improve the output of our professional designers."

This idea was implemented so thoroughly that the company's creative team consists of equal proportions of professional designers, people with Down's syndrome or autism and students from various art schools in Barcelona. The Team section of this case study details the characteristics of the people who are part of LCDC.

The vision of the company is to create a network of creative agencies where the value of people is measured only by their capabilities.

B Corp



LCDC has been B-Corp certified since 2015. The B-Corp certificate is awarded to companies that develop a sustainable activity and demonstrate adherence to the principles of respect for the environment and social transformation. Companies seeking B-Corp certification must provide information on their actions in five domains: environment, workers, customers, community and corporate governance.

B Impact Report		
Certified since: June 2015		
Summary:	Company Score	Median Score*
Environment	6	7
Workers	24	18
Customers	14	N/A
Community	33	17
Governance	16	6
Overall B Score	92	55

59 out of 299 is eligible for certification
*Of all businesses that have completed the B Impact Assessment

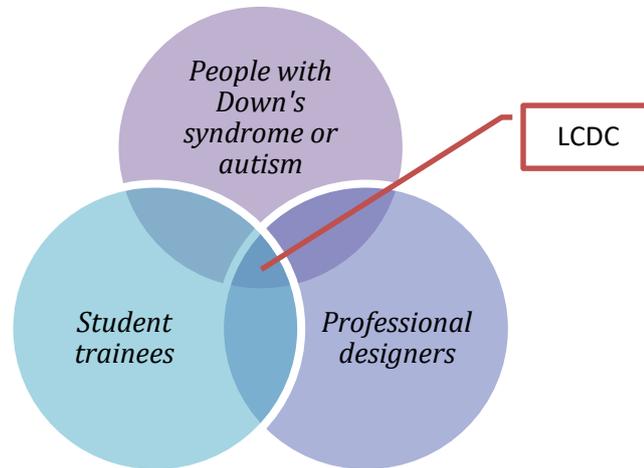
Figure 2. B-Corp 2017 report

As can be seen in LCDC's B-Corp 2017 report (fig. 2), its overall B-Corp score of 92 points is well above the B-Corp median of 55 points. The company stands out for its achievements in the domains of employees,

community and corporate governance. LCDC's complete B-Corp 2017 report is provided as Appendix 1 and gives detail of the main strengths and weaknesses of the company in all the domains assessed.

The Team

LCDC would not exist as a company without its extraordinary professional team. As we have already seen, the team comprises workers with very varied profiles. According to its founders the company is based on three fundamental pillars:



The first pillar consists of people with Down's syndrome or autism who have great artistic talent: these are designers *"with a different heart"*, who see things *"as nobody else can see them"* and who never thought they would be able to apply their creative talent and their particular way of seeing the world, without constraints, in a professional context.

The second pillar is students of art and design schools who bring a fresh, ingenious and very ambitious vision. They are not afraid of proposing something different, which gives them the opportunity to break the barriers imposed to them during their studies.

The third pillar of the team consists of the senior designers and art directors, some of them from foreign countries and - in line with company policy - some who joined the studio as interns.

In total there are between 10 and 15 unique minds, different *by virtue of having been born different*, together they make up a team whose strength is its diversity. This abundance of different visions represents a triumph for diversity and is crucial to the uniquely innovative and creative approach that characterises all LCDC projects.

Creating this diverse team and making it work was not an easy challenge, however. Recruiting suitable personnel was one of the biggest difficulties. People with Down's syndrome or autism didn't have an experience of being involved in the creative world. The company had to look for them, evaluate their talent and help them adapt to work. LCDC was supported in its talent search by organisations dedicated to the inclusion of people with intellectual disabilities in the workforce.

In addition to selecting disabled people with artistic talent they needed to be integrated into the team. It is important to bear in mind that LCDC was not created as a philanthropic organisation, but as a creative agency that would be economically sustainable.

"No one here has any special treatment. Maybe, we talk more slowly in project briefings so that everyone can understand each other better, but come on, that's what happens when working with a foreigner too!"

So, is there anything in LCDC that separates the designers with and without intellectual disabilities? The answer is no, in the workplace there are no differences between the different members of the team. LCDC does not carry out any specific training activities to integrate people with Down's syndrome or autism; integration is achieved because they participate normally in the daily work of the studio. There are no therapists to accompany people with Down's syndrome or autism and no special facilities, except, probably, tables adapted for wheelchair users. This is not because the founders want to save money or because they do not take the needs of disabled people into consideration. On the contrary, the reason for these policies is that the company does not make distinctions between its workers.

"I do not have Down's syndrome any more. I've left it behind".

LCDC does not see Down's syndrome or autism as a disability, which is why the company treats all workers equally. This policy of equal treatment has had excellent effects on cognitive abilities of these employees and has helped them overcome prejudices about their intellectual and creative capabilities. When they are given the opportunity to work with the senior designers and students on an equal footing they abandon their own fears and prejudices and end up fully integrated into the team.

Recognition

In 2015 LCDC was awarded a LAUS Gold award, it has been recognised by Forética within the Enterprise 2020 project, in 2016 it received the Ciutat de Barcelona award for work on the Citizen Refugees Project and in March 2018 LCDC presented a project at the New York headquarters of the United Nations as part of the events to mark the International Day for Down's syndrome, as, according to their own findings, it is the only design studio that includes people with disabilities within its creative team.

LCDC has also attracted interested from the global media. In 2016 *Curiosity Magazine - The Art of Inquiry*, which is linked to the *Wall Street Journal*, published a report on the company and this year (2018) the Canadian newspaper *The Globe and Mail* has also published an article.

The Guardian newspaper and *PlayGround* published an LCDC video on the International Day of Disability as an example of this business model. It became the video of the day in *The Guardian* and was viewed more than a million times across the two platforms.



Figure 1. International Day of Persons with Disabilities with LCDC. The Guardian, 2017.

On June 14, 2018 LCDC participated in a conference entitled "INCLUYETECH - Innovative Tech Solutions for Disability Inclusion within the Latin American and the Caribbean region" that was held in Washington DC under the auspices of the Inter-American Development Bank (IDB).

There is now a need to consolidate the project in Spain without neglecting the opportunities for growth that have opened up in Latin America, the USA and the United Kingdom, hence the company is looking for new investors, who will help to consolidate and expand the LCDC business model.

Project financing

Setting up LCDC did not require extensive resources. As usual in these cases, the two founders made a financial contribution to enable the setting up of a limited company and put it into operation. A few years later the company entered the growth phase, and it became necessary to expand the teams of professionals and technicians to meet the needs of customers.

In 2016 the management team determined that the company would need investment of 150,000 Euros to manage the growth phase with guarantees. This sum was big enough that the company needed to seek external financing. Various alternatives were evaluated, but the management team quickly decided to use impact investments. The main reason for this decision was that this type of financing aims to invest in projects with a social impact, such as LCDC. In addition, impact investors prioritise the social impact of their investment over financial return. Another factor that influenced the decision was that impact investors are not short-term investors seeking a quick return, they look to make medium and long-term investments and this approach was attractive to LCDC as it would give the company stability.

With the aim of securing impact investment, the founders presented their project to a Barcelona-based foundation called Ship2B. Ship2B is an accelerator of business projects with a high social impact and has an extensive network of impact investors. According to Sergi Capell:

"The process of capturing financial resources was not easy, we began working on this in May 2015 and it was not until January 2016 that we began to conclude agreements with our investors. In September 2016 we finished the process, although we did not cover the entire expansion (we had secured 130,000 Euros of new money). The work with Ship2B was fundamental, because they worked with us to improve our business plan".

In collaboration with Ship2B LCDC prepared a business plan that contained financial projections for the coming years. Based on this information the value of the company was estimated at 1.25 million Euros. Two foundations attended the financing round. They have taken a stake in the company and now have the same rights and obligations as any shareholder, although José María and Sergi retain a controlling stake and are still responsible for managing the company. The Foundations do not require short-term profitability, but prioritise the company's social impact and medium- and long-term profitability. As well as contributing capital the foundations have also contributed technical knowledge to the project.

Financial data

The company's economic position improved in 2017 and it managed to break even for the first time (fig. 4, fig. 5).

	31/12/2017	31/12/2016	31/12/2015
Net turnover	605.371	165.078	138.876
Supplies	-7.219	-23.405	-11.460
Personnel expenses	-64.860	-48.640	-30.589
Other operating expenses	-489.178	-207.651	-110.212
Amortisation of fixed assets	0	0	-1.334
Other results	-242	10.000	-766
A) Operating results	43.872	-104.618	-15.545
Gross profit	0	25	0
Financial expenses	-6.401	-1.956	-850

B) Financial results	-6.401	-1.931	-850
C) Earnings before taxes (A + B)	37.471	-106.549	-16.395
19. Income taxes	0	0	0
D) Year-end results (C + 18)	37.471	-106.549	-16.395

Figure 4. Income Statement

Assets	31/12/2017	31/12/2016	31/12/2015
A) Fixed assets	51.579	26.453	8.453
Property, plant and equipment	6.857	5.850	5.850
Long-term financial investments	44.239	20.120	2.120
Deferred fixed assets	483	483	483
B) Current assets	145.753	138.122	72.581
Accounts receivable	98.883	123.834	70.065
Short-term financial investments	14.955	6.426	0
Cash	31.915	7.861	2.517
Total assets (A + B)	197.332	164.574	81.035
Equity and Liabilities			
A) Equity	21.782	-15.691	-61.742
Capital	42.000	42.000	6.000
Issuance premiums	116.600	116.600	0
Results of the previous year	-174.291	-67.742	-51.356
Year-end profits	37.471	-106.549	-16.386
Grants, donations and heritages received			
B) Fixed liabilities	96.690	94.790	72.450
Long-term debts	96.690	94.790	72.450
C) Current liabilities	78.860	85.475	70.326
Debts with credit institutions		22.000	28.240
Other short-term debts		9.951	28.562
Accounts payable	78.860	53.525	13.524
Total Equity and Liability (A + B + C)	197.332	164.574	81.035

Figure 5. Balance Sheet

In 2017 the company's income increased significantly due to contributions from important projects for the Professional Football League and Veritas, amongst others. The company applies a flexible cost structure policy, which allows it to cope with the constant changes in demand. According to Sergi Capell, advertising agencies have gone from having stable customers who paid a fee, to having to compete for each project, which makes it important to have a flexible cost structure, so as to be able to cope with variations in demand. Growth in revenues and management of costs has allowed LCDC to break even.

Scalability and replicability

LCDC has a subsidiary in Medellín. The impulse for the subsidiary came from a Colombian designer who spent six months doing an internship and collaborating with the studio and, upon returning to Colombia, decided to replicate the business idea. LCDC reached a formal legal agreement with him over rights to use the LCDC brand, whose proprietor in Colombia is Estudio Casa Carlota, S.L.

This "subsidiary" is an absolutely autonomous operation, although the agreement signed with LCDC "obliges" it to be an exact replica of LCDC in Barcelona, especially in terms of creative process.

The talent search and integration process is the responsibility of LCDC Medellín. So far the results of the venture have been very positive - not so much in financial terms as insufficient time has passed to make a financial evaluation - but in terms of enhancing LCDC's image and gaining experience in replicating the project in other countries.

The model works successfully and the founders of LCDC are considering the possibility of internationalising the company. This year they have been in talks with B-Corp agencies in the USA and with a design studio in London. In addition, they are analysing the possibility of replicating the model in other industries or sectors, where the diversity of the team might lead to innovative and disruptive results.

There are, however, difficulties associated with replicating the model, both at the level of internal management and at the investment level. To scale the LCDC model José María and Sergi will have to analyse the opportunities that exist to replicate their model, identify competitive advantages that would help LCDC to achieve success and identify sources of investment that could fund their expansion strategy.

Questions:

1. The LCDC business model. What are the strengths, weaknesses of LCDC, what opportunities and threats does the company face?
2. LCDC has a high social impact, but so far they have not succeeded in measuring this. What kind of social impact does the company generate? How could LCDC identify, measure and communicate this impact?
3. The founders are analysing the possibility of replicating and scaling the LCDC model. Do you think it will be possible to do this? How could the LCDC model be replicated in other industries or sectors? What kinds of company could use the same model?
4. To scale and replicate the company's business model it would be necessary to invest in tangible and intangible assets in order to grow the business. What type of financing would the company need?

Appendix 1. B-Corp 2017 Report

2017 B Impact Report

	Company Score	Median Score*
Overall B Score	92	55
Environment - The Environment section of the Assessment evaluates a company's environmental performance through its facilities; materials, resource, and energy use; and emissions. Where applicable, it also considers a company's transportation / distribution channels and the environmental impact of its supply chain. This section also measures whether a company's products or services are designed to solve an environmental problem, for example products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent release of toxic/hazardous substances or pollution, or educate, measure, or consult to solve environmental problems.	6	7
<i>Environmental Products & Services (e.g. renewable energy, recycling)</i>	N/A	N/A
<i>Environmental Practices</i>	6	6
<i>Land, Office, Plant</i>	3	3
<i>Energy, Water, Materials</i>	1	1
<i>Emission, Water, Waste</i>	1	1
<i>Suppliers & Transportation</i>	N/A	N/A
Workers - The Worker section of the survey assesses the company's relationship with its workforce. This section measures how the company treats its workers in terms of compensation, benefits, training, and ownership opportunities. It also focuses on the overall work environment within the company in terms of management/worker communication, job flexibility, corporate culture and health and safety practices.	24	18
<i>Compensation, Benefits & Training</i>	20	12
<i>Worker Ownership</i>	3	1
<i>Work Environment</i>	2	3
Customers - The Customers section of the Assessment measures the impact a company has on its customers. This section focuses on whether a company sells products or services that promote public benefit, and whether those products/services are targeted at under-served populations. Questions in this section measure whether a company's product or service is designed to solve a social or environmental problem (e.g. improve health, preserve the environment, create economic opportunities for individuals or communities, promote the arts/sciences or increases the flow of capital to purpose-driven enterprises).	14	N/A
<i>Customer Products & Services</i>	N/A	N/A
<i>Products & Services</i>	12	N/A

<i>Serving Those in Need</i>	2	N/A
Community - The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company's supplier relations, diversity, and involvement in the local community. The section also measures the company's practices and policies around community service and charitable giving. In addition it takes into account whether a company's product or service is designed to solve a social problem, e.g. by providing access to basic services, health, education, economic opportunity or arts or by increasing the flow of capital to purpose-driven enterprises.	33	17
<i>Community Practices</i>	17	15
<i>Suppliers & Distributors</i>	2	2
<i>Local</i>	9	5
<i>Diversity</i>	4	2
<i>Job Creation</i>	1	2
<i>Civic Engagement & Giving</i>	1	3
Governance - The Governance section of the Assessment evaluates a company's accountability and transparency. This section focuses on the company's mission, stakeholder engagement and the overall transparency of the company's practices and policies.	16	6
<i>Accountability</i>	5	3
<i>Transparency</i>	3	3
Overall	92	55

Notes.

Companies scoring ≥ 80 out of 200 are eligible for certification

*Of all businesses that have completed the B Impact Assessment. The overall median score is not the sum of the median scores for each section.

Source URL: <http://bcorporation.eu/community/1000friends/impact-report/2017-08-24-000000>