

Case for Teaching

The Dilemmas of Growing with Purpose: The Mancha Orgânica Case



Os Dilemas de Crescer com Propósito: Caso Mancha Orgânica

Discipline: Marketing, Branding
Subject: Branding, Purpose-driven Companies
Industry: Natural Organic Paint Manufacturing
Geography: Rio de Janeiro / Brazil

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It was after 11 pm, but the Mancha Orgânica office in Rio de Janeiro was still in full motion. It was November 5, 2018, and its founding partners Pedro Ivo and Amon Pinto decided to meet with Martina Pinto, responsible for the R&D area, to discuss the next steps for Mancha Orgânica. The main discussion throughout the meeting revolved around the expansion possibilities for this startup that produces organic paints. Pedro Ivo defended that it was time to expand the commercialization of paints. Martina, however, pointed out the need to consider an expansion plan that suited Mancha's productive capacities. Amon listened to the arguments of his colleagues, but something still bothered him. After a moment of silent reflection, Amon asked: How can we expand without losing Mancha's strong values of sustainability and social well-being?

MANCHA'S BACKGROUND

Mancha Orgânica's story begins with Zebu Mídias Sustentáveis, a design company focused on sustainability, branding, strategy, product creation, and developing printing solutions. Zebu was created in 2010 within the PUC Rio University on the Gávea campus in the South Zone of Rio de Janeiro city. Zebu's partners, Amon Pinto and Pedro Ivo, developed a paint consistent with the sustainability principles they believed, which had guided Zebu's actions until then. They began to think at that time about the production of organic paints. "A 100% natural, non-toxic, water-based paint that could later be discarded without causing any kind of problem for the environment," says Amon.

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Following this intention, Mancha focused on seeking a position related to the concern around sustainable alternatives. In 2014, Zebu was certified by Sistema B (<https://www.sistemabrasil.org/> retrieved on March 20, 2019), an initiative created in the United States whose mission is to build a favorable ecosystem to strengthen the so-called B companies, which are companies that use the force of the market to solve social and environmental problems. Throughout its trajectory, the company was also the winner in 2016 of the challenge to find businesses with a positive impact on the conservation of national biodiversity, launched by the Boticário Group Foundation for Nature Protection in partnership with the National Association of Entities Promoting Innovative Enterprises (Anprotec).

As an award, the company participated in an immersion for business and nature conservation at the Boticário Group's facilities in São José dos Pinhais and Guaqueçaba in the state of Paraná, in the southern region of Brazil, which provided the partners with learning about the importance of Brazilian vegetable raw material for business practices¹. At that time, the company had just established itself at the Coppe-UFRJ Business Incubator located in the UFRJ Technological Park, in the north zone of Rio de Janeiro. In 2016, Zebu became a member of CE100 Brasil, a global platform to share, develop, and implement circular economy opportunities organized by the Ellen MacArthur Foundation.

In the same year, after these certifications, the partners made the decision to disassociate Mancha Orgânica from Zebu so that they could fully focus on the production of organic paints. In 2017, Mancha began to be structured by Amon, who was responsible for the strategy and sales area, together with chemical engineer Martina, responsible for the R&D area, and Pedro in the product and production area. During this period, Mancha was named the third most attractive company in terms of materials among startups from all over Brazil by the Ranking 100 Open Startups (<https://www.openstartups.net/> retrieved on December 17, 2018), which is the main connection platform between startups and companies created and maintained by 70 world-leading corporations in order to evaluate startups with a focus on generating new business opportunities.

Mancha outlined the initial steps for the company's first investment round in 2017 through a crowdfunding campaign on the Catarse platform (<https://www.catarse.me/> retrieved on October 15, 2018). The financing campaign had three target ranges, each related to the production of certain colors of paints: the first target was R\$ 50,000 for testing and producing three paints — saffron, annatto, and cocoa; the second was R\$ 80,000 and provided for the yerba mate color; and the final target of R\$ 130,000 foresaw five colors with the addition of Jussara color. The campaign

was carried out in an all-or-nothing system, meaning that Mancha would only receive the funds if it reached one of the targets by the deadline of December 9, 2017. If the minimum target was not reached, the amount would be refunded to the donors. Predetermined donation amounts were associated with a specific reward (Table 1 — Annex).

The objective of the campaign would be to invest in carrying out new laboratory tests to ensure the safety and quality of the paints, allowing their production at a larger scale. The campaign reached 253 collaborations, raising a total of R\$ 51,000, thus exceeding the first target of R\$ 50,000. The campaign made it possible to carry out laboratory tests to determine the minimum period of validity of four months for the paints. In addition, the financing aroused the interest of consumers in the paints, which at that time were not yet being sold.

The following year, Mancha won the Shell Young Initiative Award, which allowed the company to participate in an ignition program and resulted in a cash and visibility award. Currently, Mancha Orgânica is part of the Coppe-UFRJ incubator program, has support from Casa Firjan, and receives mentorships and courses from the Shell Youth Initiative Program. The incubator provides a fixed office and access to mentorship from highly qualified professionals. Casa Firjan, in turn, enables the business to mature through workshops and courses. Finally, the Shell Program includes entrepreneurship courses for young entrepreneurs.

THE MANCHA ORGÂNICA DIFFERENTIALS

Mancha Orgânica is a startup with a lean team in which all decisions are made jointly by the partners and the main functions are divided among them. Amon Pinto is responsible for the marketing and sales area, and Rafael d'Ávila for the communication area together with Pedro Ivo, who also takes care of finance. Martina Pinto is responsible for Mancha's production, research, and development area. The values that guide the actions of Mancha Orgânica are (a) quality of life and well-being, (b) harmony with nature, (c) relationships of affection and care, and (d) respect for individuality without harming the interests of the collective.

Mancha offers an unprecedented line of organic paints with the aim of reducing environmental damage and transforming consumer experiences. The choice for children comes from the members' desire to contribute to the formation of a new generation that is more conscious by offering sensorial and educational products. Thus, consumption of Mancha Orgânica products promotes childhood and fun play as a way of contributing to a new generation of consumers learning to build a balanced relationship with nature (manchaorganica.com.br retrieved on November 29, 2021).

The paints produced by Mancha are non-toxic and free of substances harmful to health during handling, being produced from natural pigments extracted from leaves, roots, flowers, fruits, and vegetables and can be applied on wood or paper. There are more than 50 color possibilities made up of natural pigments such as saffron, cinnamon, cocoa, and beetroot.

For producing the paints, Mancha has partners such as Araucária Mais, an innovation and business network for the conservation of the *Araucaria* tree. From this partnership came the yerba mate color. The first batch of yerba mate paint launched on Children's Day in 2018 contributed to the conservation of 180 hectares of forest in the mountainous region of Santa Catarina, in southern Brazil, as pointed out by Amon Pinto: "We have been improving the ink formulation for seven years. Yerba mate ink is the first to be structured within a processing and responsible management chain. As we work, we care for the entire process of life, preservation, and sustainability and this way we are able to show values present in the company's brand."

As they do not have their own paint production space, Mancha works by renting fully equipped industrial kitchens for the artisanal production of paints within a production process that meets safety standards. Minimal stocks are kept and production is carried out on a recurring basis in order to maintain the freshness of the paints, the intensity of the colors, and their sensory characteristics. In addition, the shelf life of this product is shorter compared to synthetic paints due to its handmade characteristic. After production, the pots are sent to a Mancha partner who assembles the kits and sends them in the post office to fill orders. Part of the kit is a leaflet that reinforces the positioning of the dye and informs about the properties and possibilities of using the product. An association is always made with nature and Brazilian biodiversity in Mancha's discourse.

The Nature Kit (Figure 1 — Annex) is how the product is presented, containing three paint colors (cocoa, annatto, and saffron) in 250 g pots, in addition to natural pigments and a letter written on seed paper. The kit is for sale on Mancha's social networks (Instagram and Facebook), email, phone, and on Bemglô's website for R\$ 119.90. Bemglô is an e-commerce platform that sells products from responsible brands aligned with the positioning of conscious consumption and with a low socio-environmental impact (<https://bemglo.com/> retrieved on December 3, 2018). The kit box says: "Keep it within the reach of children!", reinforcing the company's discourse regarding the safety of the product for child handling (Figure 2 — Annex), as highlighted by Martina: "It is from the transformation of the consciousness of today's children [respecting the environment and health] that we will effectively change the way processes are conducted and the consumption patterns

of the future. While playing just for fun, the paints allow sensorial and textural exploration of some raw materials, contributing to the sensorimotor development of the little ones."

At Mancha Orgânica, the partners believe in a collaborative project between consumers and brands. In this sense, Pedro Ivo reinforces the idea that Mancha is not just formed by the partners: "We view Mancha as a large collaborative entity. Every person who comes into contact with these paints, every person who spreads the idea of a more colorful and less polluted world is part of the project."

Teachers, mothers, and artists are among Mancha's main consumers, reporting their satisfaction with their experience and connecting with the brand's values. In addition, the paints appear as important allies in the child development phase, helping with self-expression: "Mancha paints were my gateway to sustainable arts. It was an experience of connection between my creative process and the aromas, textures, and colors of the paints. A true synesthesia that facilitated the expression of my love for our planet Earth" (artist report on the website of Mancha Orgânica). "I've been using Mancha's paints since my daughter was a baby. Today she is almost three years old, and at each stage of her development, the paints were very important! With unique aromas and textures, all from nature, she expresses herself in a creative, healthy, safe, and much livelier way" (a mother's story reported on the website of Mancha Orgânica).

THE CHILDREN'S PAINT SECTOR

Mancha Orgânica is part of an industry where the ten largest manufacturers account for 75% of total sales. As a result, these companies create the consumer's mindset about the paint market based on traditional practices. This happens by adopting advertising campaigns that highlight the accessibility and ease of applying the paints, encouraging more recurrent use by consumers, particularly children's paints. In 2013, the Brazilian paint market was the fifth largest in the world with sales exceeding R\$ 9.5 billion. In 2017, the volume produced was approximately 1.5 billion liters, an increase of 1.9% compared to 2016 with net sales reaching around R\$ 11.8 billion.

Considering the paint sector, Martina points out that "there is no direct competitor for Mancha paints today since no organic paint is known to be on the market whose base is 100% natural and mostly vegetable. The products available on the market have synthetic compounds in their composition, many of them of fossil origin. But, considering the application, two possible competitors would be the gouache paints from Acrilex and Faber-Castell."

The paints manufactured by the giants of the market bring yet another challenge. Since they are manufactured on a large scale, their unit costs are lower. “We cannot come up with the cost of a synthetic material produced on a much larger scale. ... These more natural products produced in a more responsible way end up having a higher associated cost. So it’s up to the consumer to make those choices.”

Faber-Castell

Faber-Castell, present in Brazil since 1930, is one of the leaders in the segment of children’s products and school articles, being the world leader in manufacturing the EcoPencils, which have this name due to the fact that they bring an environmental concern throughout their production chain. The factory in Brazil is located in the city of São Carlos, in the state of São Paulo, and produces more than 2 billion EcoPencils per year, supplying not only the domestic market, but also producing products for export. In addition to the EcoPencil, the company also produces a line of paints for children. One of these products is the Paint and Finger Kit that offers six colors with 25 ml each and costs an average of R\$ 14.90. The Painted Face Kit has six different colors in pencil format to be used on children’s skin and has an average price of R\$ 59.90. Finally, there are the traditional paints to be used with brushes in kits of six and twelve colors with prices ranging between R\$ 8.00 and R\$ 20.00, present in most stationery stores and retailers in the country.

The company has established socio-environmental responsibility as one of its pillars, working exclusively with reforested wood since the 1980s to produce its EcoPencils. In addition, the company was the first manufacturer to introduce water-based varnish for manufacturing all its writing instruments. Faber-Castell also works with forest and animal preservation programs and the use of alternative energy sources, controlling the emission of greenhouse gases in all its operations.

In terms of the children’s paint market, Faber-Castell has watercolor tablets, finger paint, and gouache paint (<http://www.faber-castell.com.br/> retrieved on February 15, 2019). The entire promotional speech is focused on the argument of developing children’s creativity. Although the inks are non-toxic, it is not possible to find information on the website and advertising campaigns about their composition. The company also offers online drawing courses and visits to schools. The company’s mission is to offer creative experiences to its customers, focusing on pioneering values, searching for better socio-environmental solutions and new opportunities in the market.

Acrilex

Acrilex, founded in 1964 in São Paulo, is considered the largest factory in Latin America in the segment of paints for handicrafts and is among the largest in the segment of school and artistic paints. The company operates guided by respect for the environment and develops its products with selected raw materials, ensuring non-toxic characteristics for both its consumers and the environment. In addition, in 2018 Acrilex was investing in the modernization of its industrial plant with a view to take measures such as water reuse.

The company offers products for children such as assembly and painting kits with six colors costing around R\$ 70.00, painting puzzles with six colors costing around R\$ 60.00, gouache with six colors costing around R\$ 5.00, finger paint with six colors costing around R\$ 11.00, and plastic paint with six colors costing around R\$ 14.00. The paint pots in these products come with an average of 20 ml each. The description of the products on the Acrilex website focuses on the development of creativity, visual perception of colors, easy applicability in different textures (paper, cardboard, plaster), and also on motor coordination development (<https://acrilex.com.br/> retrieved on February 15, 2019). Information on the composition of the products is not available.

Acrilex positions itself as a company based on ethical, transparent, and responsible principles and seeks to differentiate itself in the market through actions in the areas of sports, the environment, and social actions. For over 18 years, it has sponsored the Acrilex Baseball Tournament for children up to 10 years old, while also encouraging the participation of employees in sporting events. In the social area, the company has an internship program aimed at hiring people with special needs into its workforce. A concern for the environment is one of the company’s principles by seeking to develop its products with selected raw materials and dispose of production waste in accordance with the legislation.

Although the two companies mentioned are not necessarily direct competitors of Mancha Orgânica, due to the fact that they are traditional companies that dominate the paint market, they end up being responsible for developing the consumer behavior of children’s paints by creating the mindset of consumers, including the sector of children’s paints, which is the focus of action of Mancha Orgânica. However, considering more recent discussions on the composition of products and socio-environmental initiatives of several companies, the scenario also creates a market niche for Mancha in a territory hitherto unexplored — organic paints.

As they are traditional in the children's products market, companies such as Faber-Castell, Acrilex, and others end up working on building the consumer's mindset about the importance, use, and characteristics of paints. Considering existing research and discourses by doctors, psychologists, and educators about the importance of artistic and manual activities in child development with impacts on adult life, these companies offer a range of products with high availability in retail stores and at low cost. Paints for watercolor, face, and even hand painting are offered as a way of encouraging creativity and innovation and bringing responsibility to parents to allow this development, according to an excerpt taken from the Faber-Castell website: "Children are full of ideas and enthusiasm. Encourage your children to spend their free time creatively and meaningfully and you will empower them to play and learn with enthusiasm at the same time. To this end, we offer your child a range of suitable products, increasing their enthusiasm and curiosity by including suggestions for learning and playing with our products."

CHALLENGES FOR THE FUTURE

In the midst of this competitive market and its consumers, Mancha started to focus on its next steps, mainly toward the children's market: "Bringing this to children is a way for us to transform their perception of a conscious product," defended Amon, reinforcing the importance of focusing on children. Martina then reflected on the possibilities: "Mancha, at the moment, is focused on organic paints associated with children, but the objective is to expand the application of non-toxic, natural, and heavy metal-free pigments and dyes to different sectors: cosmetics, fabrics, and packaging."

Amon Pinto defended that Mancha needed to prepare for the next step of commercialization in traditional distribution channels. However, he was concerned that the product was artisanal, produced on a small scale. Martina considered that "the great challenge is to make people aware

of the need to purchase more sustainable products and try to change their consumption behavior at a cost associated with purer products. Only from a cascading effect, starting with the change in people's consumption, will the industry effectively start to implement cleaner processes in its production chain."

Despite Martina's concern regarding the transformation of consumer behavior, Amon considered that this was a broader discussion and beyond the company's control, so it was necessary to think about how Mancha could expand according to its purpose, meeting higher demands and become present in traditional distribution channels. At the meeting held in November 2018, Martina, Pedro, and Amon began to outline expansion plans. However, the main question remained: How can Mancha Orgânica expand while maintaining its guiding principles of sustainability and social well-being, and still position itself in a relevant way in the paint market? "What we want is to be associated with the transformation of the consumer experience through changing industrial processes and creating non-toxic products. And we are moving toward being a reference in this, starting with the children's sector. Starting with the children's sector has ideological reasons, because to change the world we need to start with children, and practical reasons, because it is children who best understand the value of our products," explains Amon².

NOTES

1. Santana, R. T. (2016, December 21). *Startup produz tintas que aliam conservação da natureza ao negócio*. Tribuna PR. Retrieved from <https://tribunapr.uol.com.br/noticias/empreender/startup-produz-tintas-que-aliam-conservacao-da-natureza-ao-negocio/>
2. ANPROTEC. (2016, December 16). *Startup alia conservação da natureza ao negócio*. Fundação Grupo Boticário. Retrieved from <https://anprotec.org.br/site/2016/12/startup-alia-conservacao-da-natureza-ao-negocio/>

ANNEX 1



Figure 1. Mancha Orgânica paint kit.

Source: Bemglô website: <https://www.bemglo.com/Kit-de-tintas-100-vegetais-Mancha-organica> retrieved on December 1, 2018.



Figure 2. “Keep within the reach of children!”

Source: Mancha Orgânica official profile on Instagram (<https://www.instagram.com/manchaorganica/> retrieved on May 16, 2019).

Table 1. Amounts for donation and associated rewards in crowdfunding.

Value	Reward
R\$ 30.00	Personalized digital thank you
R\$ 50.00	Can of brownies (Brownie do Luiz — famous brand of brownies in Brazil)
R\$ 80.00	Decorative poster made with paints
R\$ 120.00	Kit with three colors of paints
R\$ 500.00	Kit with all colors released, fan card, and brand news
R\$ 1,000.00	Workshop on vegetable pigments and paints (Rio de Janeiro state only)

Note. Source: Prepared by the authors based on: <https://www.catarse.me/mancha> (retrieved on May 16, 2019).

Teaching Notes

■ ABSTRACT

The case presents the dilemma faced in November 2018 by Mancha Orgânica, a startup from Rio de Janeiro that produces organic paints. Mancha Orgânica is guided by principles of sustainability, producing a non-toxic paint from natural elements. Despite the recognition and good commercial results, the founding partners Amon and Pedro along with P&D consultant Martina wondered how to stimulate growth without losing the purpose of a more conscious consumption, considering the productive challenges. The case of Mancha Orgânica aims to propose a discussion about purpose and the challenges faced by purpose-driven companies. The case can be used in the disciplines of Branding or Marketing of *lato* or *stricto sensu* graduate programs. With the case, students are expected to develop the necessary skills to examine and differentiate the positioning and challenges of purpose-driven companies.

Keywords: branding; purpose-driven; purpose; teaching cases.

■ RESUMO

O caso apresenta o dilema enfrentado em novembro de 2018 pela Mancha Orgânica, uma *startup* carioca que produz tintas orgânicas. A Mancha é norteada por princípios de sustentabilidade produzindo uma tinta atóxica e oriunda de elementos naturais. Apesar do reconhecimento e resultados comerciais que estavam conquistando, os sócios Amon, Pedro e Martina se perguntavam como crescer sem perder o propósito de consumo consciente, mas lidando com os desafios produtivos. O caso da Mancha Orgânica se mostra oportuno para propor uma discussão acerca de propósito e organizações tidas como *purpose-driven*. O caso foi desenvolvido para ser usado em disciplinas de *Branding* ou Marketing de programas de pós-graduação de *lato* ou *stricto sensu*. Com a discussão do caso, espera-se que os alunos desenvolvam habilidades necessárias para examinar e diferenciar o posicionamento e desafios de organizações *purpose-driven*.

Palavras-chave: *branding*; *purpose-driven*; propósito; casos de ensino.

EDUCATIONAL OBJECTIVES

The case was developed to be used in *lato* or *stricto sensu* graduate programs, being indicated for a session of the Branding or Marketing disciplines. The case of Mancha Orgânica is opportune for proposing a discussion on organizations considered purpose-driven, a recent issue of growing importance in the field of marketing and business administration. By the end of the case discussion, students should develop the skills necessary to examine and differentiate the positioning of purpose-driven organizations and identify the challenges inherent to this type of organization.

INFORMATION SOURCES

Primary and secondary data were used to prepare this case. The primary data were obtained from interviews with Martina Pinto, a consultant and R&D coordinator at Mancha, and Amon Pinto, one of the company's founding partners. The primary data were complemented by secondary data, which were obtained by consulting the website of Zebu Mídias Sustentáveis in addition to the websites of paint manufacturers such as Suvinil and Sherwin Williams and of paint and stationery products such as Faber-

Castell and Acrilex. In addition, information was consulted on the websites of Abrafati (Brazilian Association of Paint Manufacturers), Apromac (Association for Environmental Protection), and Toxisphera (Association of Environmental Health). Other websites were consulted to verify company videos, news, and interviews published about Mancha Orgânica in addition to Mancha's crowdfunding website. All links accessed are in the reference list for future verification.

TEACHING PLAN

This case was developed to provide the construction of knowledge through an inductive process centered on the participant. In this way, it does not require previous readings to be carried out effectively. However, if the teacher is interested in assigning previous readings to prepare for the session, students may be instructed to familiarize themselves with the concepts related to brand management (Kotler & Keller, 2019), if this session has not yet taken place, to allow the counterpoint of the branding of purpose-driven organizations. In addition, it is possible to suggest readings related to the concept of purpose-driven companies, such as the book by Sinek (2009) and academic articles (Chung-

Kue, 2017; Hirsch, 2016; Hsu, 2017; Segrestin, Levillain, & Hatchuel, 2016), as well as articles from business magazines such as the *MIT Sloan Management Review* and *Harvard Business Review* (Birkinshaw, Foss, & Lindenberg, 2014; Craig & Snook, 2014; Kim, Karlesky, Myers, & Schifeling, 2016; Malnight, Buche, & Dhanaraj, 2019). Finally, if the professor is interested, another option is to suggest readings about activist brands such as the book by Sarkar and Kotler (2018), as well as academic articles such as Wymer (2010).

A set of preparation questions is also suggested if the teacher decides to guide the individual prior preparation:

- a. What do children's paint consumers value?
- b. What are Mancha Orgânica's main barriers to growth?
- c. How could the growth of the organic area impact the company's values?

Before the plenary session begins, it is suggested that students be divided into small groups to discuss the case. For this step, it is suggested that the teacher set aside 20 to 30 minutes. The total time planned for discussing the case within a session is between 50 and 70 minutes, which may vary depending on the educational institution and the workload of each subject. The opening of the plenary discussion — Slide 1 of the Lesson Plan board (Appendix A) — should take around 10 to 15 minutes. The analysis of the case questions — Slides 2 to 5 of the Lesson Plan (Appendix A) — should take 35 to 45 minutes. Closing the plenary discussion should take up the remaining 5 to 10 minutes.

Opening of the case discussion in plenary

The opening of the discussion (Label 1 of the Lesson Plan — Appendix A) can be used for students to perceive the idea of engagement as the defense of a cause. Craig and Snook (2014) state that there is a leadership purpose that originates from the personal beliefs of each leader. Mancha Orgânica brings in its essence values that are shared by the partners in relation to environmental protection and sustainability, which guide its positioning decisions and strategic definitions. To start the discussion in plenary, the teacher can start with the following question: "What causes do you defend?" (Lesson Plan Sheet 1 — Appendix A). Students should be able to enumerate several possible causes of engagement such as racial issues, gender freedom, social equality, environmental protection, conscious consumption, among others. From this initial discussion, the teacher can explore the issue of environmental protection and sustainability, one of the main pillars of Mancha Orgânica.

Questions for discussion

We present below a set of discussion questions that will be used to analyze the case during the plenary discussion stage. These questions will be answered collectively by the students from the proposition of transition questions by the teacher.

1. How should a purpose-driven company be positioned?
2. What are the challenges for organizations that position themselves as purpose-driven?
3. How does a purpose-driven company deliver value?
4. What is Mancha Orgânica's purpose?

Case analysis supported by the literature

The analysis of the case highlights the decision that needs to be taken by the partners of Mancha Orgânica in relation to developing a growth strategy for Mancha without losing the values of sustainability and social well-being that guide the company. This question is the focus of the teaching case and involves an assessment of the difficulties of strategic management and the tensions between purpose and profit in young companies that were born purpose-driven.

Question 1: How should a purpose-driven company be positioned?

Before discussing Mancha's positioning, it is recommended that the teacher presents the brand's institutional video (Mancha Orgânica, 2017) so that students can start a discussion about the company's activities based on the following transition question:

TQ1: What is Mancha's product and for whom is it intended?

As shown in the video, Mancha Orgânica bets on the development of 100% organic and non-toxic paints from elements found in nature such as annatto, saffron, cocoa, and yerba mate within an artisanal production process and without impact on nature. This production is aimed primarily at children.

According to Malnight, Buche and Dhanaraj (2019), companies seeking high growth tend to follow three well-known strategies: creating new markets, meeting stakeholder needs more broadly, and changing the rules of the game. But according to the authors, there is another critical growth driver: purpose. While many companies consider purpose just an addition to their strategy, the authors point out that the most successful companies move

purpose from the periphery and place it at the heart of their strategy, considering ecosystems more broadly, which allows them to consider new opportunities and reshape their value propositions.

A purpose-driven strategy also helps companies overcome the challenges of slowing growth and declining profits, as well as resolving disconnected management and operation issues, while promoting greater motivation of the stakeholders involved (Malnight et al., 2019).

Positioning is one of the components of the model called The Golden Circle proposed by Simon Sinek (2009). According to the author, the Golden Circle is related to the way companies organize themselves, beginning with the CEO from whom the purpose that will guide the organization should come from, all the way down to the body of employees who will be responsible for its implementation in the company's infrastructure, activities, and products. Within this strategy, therefore, there are the what, the how, and the why. Positioning, therefore, would be equivalent to what identifies the product or service that the company offers, being the easiest aspect to identify. According to Sinek (2009), it is related to a way of making tangible the cause in which one believes and that guides the company. Through this transition question, students are expected to be able to identify what Mancha does and who its target audience is. To awaken in students the perception that purpose-driven positioning can generate tensions and difficulties, the teacher could then pose the following transition question:

TQ2: What are the challenges Mancha is facing?

Students are expected to be able to point out some of the main challenges faced by Mancha in terms of production capacity, capillarity, competition, and even in its pricing policy. Craft products, by their very nature, tend to have a higher unit production value compared to products produced on a large scale. In addition, the longer artisanal production time can impact meeting high demands, which can jeopardize the company's organic growth.

An important aspect to be considered is that Mancha does not compete directly with traditional companies in the Brazilian paint industry. However, it is these large traditional companies that define the consumer's mindset about what a paint is. In this way, Mancha Orgânica is inserted in a sector where a large part of the production is dominated by renowned traditional companies, which consequently shape the behavior of the paint consumer in Brazil and also define notions of price and value.

Question 2: What are the challenges for organizations that position themselves as purpose-driven?

The literature discusses some difficulties of purpose-driven companies, mainly related to a difficulty in changing the company's culture and in engaging employees and senior leaders with the company's purpose (Chung-Kue, 2017; Quinn & Thankor, 2018). The case of Mancha, therefore, makes a difference by showing that the company's culture and its leadership are already aligned with the purpose. Its challenge as a purpose-driven organization, therefore, would be more related to its positioning vis-à-vis large conglomerates that have their strategies more focused on profit, but that do not fail to engage in some actions that are related to the aspect of sustainability, such as Faber-Castell and its reforestation actions, for example.

When following a proposal of artisanal production with organic ingredients, for example, there is an increase in the production process and it creates a difficulty in meeting high demands, a central issue for increasing the capillarity of these products into the main sales channels such as wholesalers and retailers. There is, therefore, a key dichotomy: How to grow and generate profit without losing the artisanal character and core values of the brand?

Birkinshaw, Foss and Lindenberg (2014) propose some fundamental organizational principles for companies to sustain their values in the long term, achieving a solid level of profit. According to the authors, for the goals to be successfully achieved, it is necessary for companies to focus on collaborative work considering the implementation of initiatives at all levels of the company.

Craig and Snook (2014) argue that the most fundamental task that leaders of purpose-driven companies must develop is the so-called purpose to impact. This task consists, mainly, in the reflection on the main aspirations of the brand, to then transform them into small goals considering the strengths of the company. In this way, having noticed the existence of tensions related to the positioning of purpose-driven organizations, the teacher can then start working on the strategies developed by Mancha to manage these tensions. For this, we suggest proposing the following transition question:

TQ3: How does Mancha face its challenges?

At this point, students are expected to be able to point out the actions taken by Mancha to put into practice its positioning as a purpose-driven organization. Through partnerships with local producers such as Araucária Mais,

Mancha defends a fairer and more sustainable production chain, seeking to reduce environmental impacts in the production and consumption of its products. In addition, its first initiative to expand production capacity and carry out laboratory tests came through an online platform for cash contributions through the Catarse platform, highlighting the idea of a collaborative platform to build a more sustainable society in the channel.

Question 3: How does a purpose-driven company deliver value?

The how stands as the second dimension of [Sinek's \(2009\)](#) strategy and, despite not being as clearly identifiable as the what, it highlights how the company differs from its main competitors.

Purpose-driven companies are visionary companies that use profit only as one of their measures of effectiveness. These companies are guided for the most part by a core ideology — purpose ([Fletcher, 2006](#)). Such companies not only produce products and services, but also transform the people they work with. For this reason, the company's purpose must be internally shared in order for its employees to be involved in this search ([Hollensbe, Wookey, Hickey, George, & Nichols, 2014](#)). [Hollensbe, Wookey, Hickey, George e Nichols \(2014\)](#) point out six values that can help these organizations strengthen themselves as purpose-driven companies: dignity (seeing each person as unique), solidarity (caring for others), plurality (diversity matters and bridges need to be built), subsidiarity (freedom with responsibility), reciprocity (establishing relationships of trust), and sustainability (alliance between people, resources, and values).

At this point in the discussion, students are expected to bring components of the Mancha Orgânica as an organization so that the teacher can characterize it as a purpose-driven company. Support for events, production, and dissemination of institutional campaigns reinforcing the company's purpose and partnership with other purpose-driven companies can be some of the initiatives mentioned by the students. From this discussion, it is suggested that the teacher then explore the purpose of Mancha through the following transition question:

TQ4: *Why does Mancha do what it does?*

Here students are expected to identify the main causes that Mancha Orgânica defends such as sustainability, protection of the environment, artisanal and 100% organic production, and environmental awareness of children.

Question 4: What is Mancha Orgânica's purpose?

At this point, the teacher can raise a discussion about the concept of purpose. According to Ratan Tata (former CEO of the Tata Group), purpose is the “spiritual and moral call to action; it is what a person or company stands for” ([Birkinshaw et al., 2014, p. 49](#)). More than making money, [Birkinshaw et al. \(2014\)](#) argue that purpose unites people to accomplish something they believe in with profit as a consequence and not the purpose of these actions. For [Collins and Porras \(1996, p. 76-77\)](#), “when properly conceived, the purpose is broad, fundamental, and lasting; a good purpose must serve to guide and inspire the organization for years, perhaps a century or more.” So, having a clear purpose can be an important differentiator within a current scenario of constant strategic changes ([Craig & Snook, 2014](#)).

The question of purpose can even be the central part of an organization's strategy, guiding its actions. [Simon Sinek \(2009\)](#) presents the why as the most complex part to be articulated by companies since it is related to the purpose, cause, or belief of the company. [Sinek \(2009\)](#) then concludes that people do not consume what you do (the what), but why you do it (the why), that is, the perceived purpose of the organization. A focus on purpose recognizes the interconnection between company and society as it involves reflection on how the purpose that governs the company can generate social benefits. In this way, the purpose of a company must be clear enough for the business to be able to transform the lives with which it is involved ([Hollensbe et al., 2014](#)).

In the case of Mancha, therefore, the question of the purpose related to sustainability guides all the company's actions, as reflected in the form of artisanal production, in the 100% organic and non-toxic composition of its products, and in the way in which it differs from its main competitors.

Having discussed the notion of purpose, it is suggested that the teacher now explore with the students the concept of [Sinek's \(2009\)](#) Golden Circle by drawing it at the top of Slide 4 as a way of conceptually connecting the discussion held during the case analysis. Having done this, it is suggested that the teacher initiate the closing of the case with the following transition question:

TQ5: *How can Mancha expand with purpose? How can Mancha can expand while still being in line with its purpose?*

Thus, the idea at this moment is to propose what would be the possible strategies for Mancha to overcome

its problems and consolidate its business without losing its sustainability and social well-being values and being able to differentiate itself from the competition. These questions allow multiple answers, and new ideas that are consistent with the company's proposal should be encouraged.

The intention here is to summarize the characteristics of a purpose-driven company through the checkpoints proposed by [Malnight et al. \(2019\)](#) which help identify whether a company is growing by placing purpose at the center of its strategy. The checklist consists of five questions:

1. Does purpose contribute to increasing your company's growth and profitability today?
2. Does purpose significantly influence your strategic decisions and choices of investment?
3. Does purpose shape your core value proposition?
4. Does purpose affect how you build and manage your organizational capabilities?
5. Is purpose on your leadership team's agenda whenever you meet?

According to the authors, only if the answer is positive to all these questions can it be considered that the purpose is part of the company's strategy. Slide 5 must be filled in by addressing these points.

Closing the case discussion

As the case method presupposes, more important than suggesting a right answer is suggesting ways for the discussion to provide the student with an inductive learning opportunity on the topic. The possibilities of closing the case with the class are many, but an interesting suggestion for the professor is to provoke a questioning about the possibility that one of its main competitors will start to act competitively with Mancha by developing a line of organic paints too from natural ingredients through large-scale production and national distribution. After all, more and more traditionally profit-oriented companies have sought to use the persona of a responsible citizen in order to be perceived as 'green' and 'good' ([Kim et al., 2016](#)). Thus, a challenging proposition is suggested for students through the following question: "What would happen if Faber-Castell launched a large-scale organic paint line?"

By closing the case with an open question, we seek to encourage students to continue thinking about the topic and the discussion that took place, taking the discussion outside the classroom.

OUTCOME OF THE CASE — MANCHA IN DECEMBER 2021

The victory in the Young Initiative Award allowed Mancha to register a patent and promote more than 50 workshops. The company entered into partnerships with more than twenty schools in Rio de Janeiro, both in the public and private sectors, distributing more than 2,000 pots of paint. Among the various projects developed with companies, the recent partnerships made for packaging development in special projects with Osklen, Heineken, and Reserva in 2019 stand out. Also in that year, the partners participated in the *Conexão* program and the reality show Connection Maker on Canal Futura ([Conexão Maker, 2021](#)).

In the R&D sector, Mancha has been working with different compositions that allow for other textures for the paints in addition to new colors and a reduction in the size of the pots. Besides the colors that already existed at the time of the case (cocoa, annatto, and saffron), mate and hibiscus colors were launched in 2020 with kits being sold in four- and five-color compositions. As part of the actions of the Coppe-UFRJ business incubator, the partners have been counting on mentorship support in the sales and strategic planning areas. The Mancha Orgânica website was launched in 2020, which made it possible for the brand to market its paints in its own way, no longer using the Bemglô platform, as at the time of the case. In 2021, two more colors were launched, beetroot and blue tea, which are available in kits of seven colors (cocoa, annatto, saffron, yerba mate, hibiscus, beetroot, and blue tea) in 150 g pots for R\$ 157.00.

At the beginning of the quarantine imposed by COVID-19 in 2020, an average increase in sales of 38% was observed from February to April. According to Mancha, it was a reflection of the greater time available for parents and relatives to seek safer and more innovative products to develop family activities. However, economic and social uncertainties also caused a drop in sales in the following months. During this period of pandemic, Mancha's sales grew by an average of 20%, possibly due to the greater focus on marketing via e-commerce. Even in a period of low demand, the month of February 2021, for example, was the second month with the highest sales of paints for Mancha.

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APPENDIX A

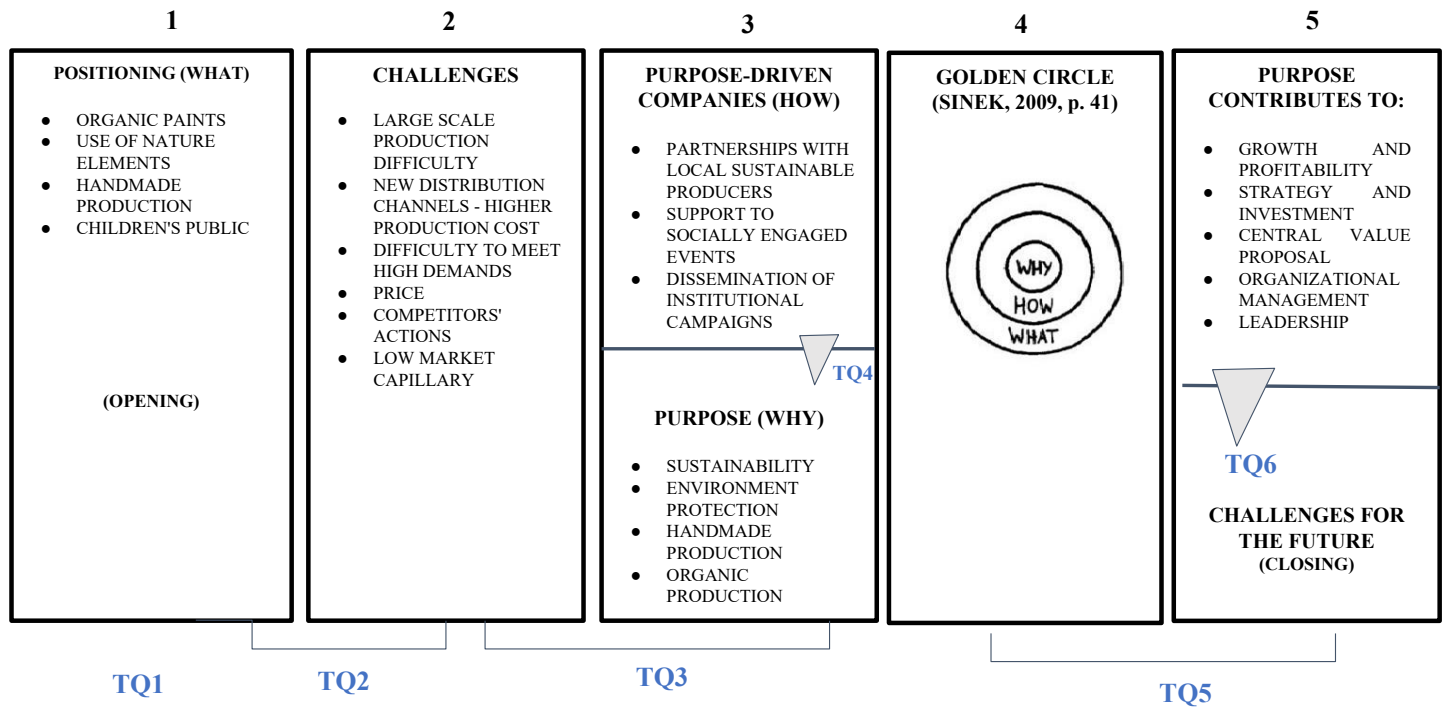


Figure A1. Class plan.