Introduction

An alumnus asked if Babson College could help the Community of San Patrignano (SP) become self-sufficient. San Patrignano, near Remini, Italy, was created 35 years ago to help drug addicts recover. The organisation is 100% focused on providing a safe environment for the community at no cost to the participant or their family. The cost of food, shelter, medical care, and staff for 1,300 recovering drug addicts is €30 million, while the revenue from the sale of wine, cheese, furniture, textiles, meat, iron work, etc. offered by the community is €15 million. The community receives annual donations of €15 million, 80% of which is from one source.

The most profound aspect of San Patrignano is that participants are never left alone. They are always with their group and rise together, have breakfast, lunch, and dinner together, and go to work together. After dinner, the group decides between available options. An outside theatre shows news, followed by films and music. San Patrignano is not a prison. Participants can leave. However, other participants and staff go to great lengths to convince them to stay. For participants sent by the court, leaving would result in prison, so they tend to stay. Only 10% of the programme participants leave before completing the programme. Since its founding in 1978, San Patrignano has helped 20,000 individuals return to society. Over 70% do not return to drugs, compared to a success rate of 20-30% at other programmes.

This project did not easily fit into our current curriculum. It was not a traditional course or a traditional project sponsor. Babson treated this as a consulting project for the SP staff to give them processes to evaluate opportunities to grow revenue streams. Students were interviewed, and five students were selected. The mission given to the students was simple: develop a process for San Patrignano to become self-sustainable. The Babson MBA team would use their knowledge and skills to identify ways to reduce costs or increase revenues to eliminate the annual shortfall of €15 million. The project included 4 stages. First, the team spent 1 month researching non-profit business models. Second, the team and faculty advisor spent a week at San Patrignano interviewing staff and participants. Third, the team spent a month analysing the data collected and testing hypotheses, then presented their final results to SP management.

Challenges

The students and faculty advisor travelled to the hills of Remini for introductions. The participants enter the community in multiple ways. For some, it is an alternative to prison, while others are brought by their families and admit themselves. Programme participants are expected to detox before arriving. San Patrignano is a beautiful facility, with rolling hills of grapes, olives, horses, cows, pigs and sheep. Entering the San Patrignano programme is a challenge. New arrivals must give up their money, gold and silver jewellery, cell phones, computers, and any other personal items. New arrivals are assigned to a participant, who has been in the programme for 2-3 years. This person is mentor, coach and keeper. The new arrival is also assigned to a work area and a group of participants. There are over 30 work areas including wine, cheese, bakery, graphic arts, horses, cows, pigs, carpentry, textile, metal working, meat
preparation, wallpaper, landscaping, and more. San Patrignano assigns new arrivals to the work area that best suits the person and the needs of the community.

The current staff is very focused on the social aspect of returning former drug users to society. The staff has limited business experience or knowledge of cost and profit. The challenge of growing revenues faces a trade-off between volume of revenue and quality. For example, San Patrignano grows enough grapes to bottle 1,000,000 bottles of wine whereas this past year they only produced 400,000 bottles. The community could sell more wine, but some of the wine may be of a lesser quality. The headmaster of the wine work area feels that the increased volume may put too much pressure on the participants. A similar trade-off discussion was raised about cheese production.

The staff of San Patrignano is very dedicated to the mission of helping recovered drug users return to society. While management does not have skills such as budgeting, forecasting, marketing, distribution, and etc., the MBA students were very impressed with their open and forthcoming responses to questions.

**Actions taken**

The MBA students returned to the U.S. to begin the process of examining costs and revenue, looking for opportunities. They examined the potential role of marketing to brand the products and use the social nature of San Patrignano to enhance the brand. The team is also examined what management practices would better manage revenues and costs to move the community closer to self-sustainability. Also, the team examined how entrepreneurship training could be used in San Patrignano. Recommendations were presented to management as part of the overall sustainability of San Patrignano. Given a possible reduction of private funding, San Partignano must become more self-sufficient. The recommended organizational changes were presented to increase revenues through better coordination of the commercial, purchasing and business heads. Finally, the use of marketing skills was explained in the context of the U.S. furniture market. San Patrignano is conducting a roadshow in 8 U.S. cities in May and June 2013, partially supported by the Babson recommendations.

**Results**

San Patrignano has launched a number of products based on the recommended market analysis. They have also evaluated all current products and services based on the model created to balance opportunities for programme participants when they leave with the market demand and profitability of each area. Through cost reductions and increased revenue, the budget deficit should be reduced to €10 million in 2013.

**The role of PRME/sustainability principles**

- Use of management education to support programmes that reduce human suffering-Helping San Patrignano become self sufficient
- Cross fertilisation of effective social programmes that can be used in multiple countries. San Patrignano’s eight city tour will highlight its successful programme for drug recovery in U.S.
- Students will learn how management education can be applied to non-profit organisations.