

oikos Case Writing Competition 2014

Social Entrepreneurship Track

1st Place

Communauto: A Big Idea for a Big Market.

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Case Synopsis

The Communauto case examines a carsharing company headquartered in Montreal, Quebec, Canada. The case focuses primarily on Communauto's CEO, Benoit Robert, and covers the company's evolution and emergence as a standard-bearer for the carsharing concept in North America. Whereas many social entrepreneurship cases focus on translating a 'concept' into a sustainable enterprise, this case is different in that Communauto is already established and financially viable. Thus, students examine how the founder can build on his success and continue to pursue his ambitious goal of significantly reducing private car ownership in order to minimize the environmental burden of personal transportation.

At the center of the analysis is the tension that underlies this successful carsharing venture. On the one hand, like any other entrepreneur, Benoit wants to grow his organization and increase its membership. On the other, he is a social entrepreneur steadfastly committed to reducing the environmental impact of individual transportation by changing driving behavior through carsharing. Meeting these objectives is challenging because, even though many North Americans are aware of carsharing as a phenomenon, the majority misunderstand the concept, and in particular, its economic appeal for many urban car owners.

In this case, students assess an organization's accomplishments using not just economic criteria but also the normative aspirations of its founder, which are more social in nature. In doing so, students will analyze how Communauto is faring and address the founder's core concern: how to position Communauto to continue attracting and retaining members while simultaneously leading them towards environmentally preferable transportation choices?

Case Introduction

Benoit Robert was sitting in his office at Communauto headquarters looking through a paper close to his heart. After all, it was "Restructuring the Form of Car Ownership" that inspired him to establish the first North American car sharing organization.ⁱ It was an instant reminder of why he started Communauto in the first place. For Benoit, the CEO of Communauto, outperforming the competition and running a profitable organization were not enough. Since its founding in 1994, Communauto had evolved from a simple idea into the second largest carsharing organization in North America. It was early in the year 2012, and Benoit was looking over Communauto's numbers for 2011, which revealed that Communauto had a fleet of over 1,100 vehicles and 27,000 members in four cities across Quebec^{ii,iii}. Although Benoit was satisfied with Communauto's financial situation he felt that his overarching goal, to use carsharing to lessen the environmental impact of private car ownership, had yet to be fulfilled. *Benoit had carefully developed and refined Communauto's business model to provide a convenient, cost effective alternative to car ownership that simultaneously reduced the environmental impact of private travel.* For Benoit, both parts were necessary for success. Supporting the reduction of users' transportation-related environmental impact involved persuading carsharing consumers not only to opt out of car ownership but also potentially away from carsharing itself at times;

nudging them towards other modes of transportation such as walking, bicycling and public transportation.

In fact, recently a new concern had begun nagging at Benoit. While he believed in carsharing as an important platform for reducing the environmental impacts of travel, he was worried that the rise in popularity of carsharing threatened the very rationale for which it was designed. Benoit was increasingly concerned with how carsharing was being defined and implemented by Communauto's competitors. Firms such as Zipcar, a rapidly growing US-based carsharing firm, developed more straightforward fee structures based solely on vehicle time, which Benoit felt hid the environmental costs of travel. Consequently, he perceived other carsharing organizations as fundamentally jeopardizing the potential opportunity for meaningful environmental impact through widespread carsharing. Thus, Benoit wondered how to profitably position Communauto in ways that would continue attracting more members while simultaneously leading its members towards less environmentally harmful travel choices?

This is an abridged case for review. The full case is available from *Case Research Journal* <https://www.nacra.net/crj/PurchaseCase.php5>

Notes:

ⁱ Fishman, L. & Wabe, J. S. 1969. Restructuring the form of car ownership-A proposed solution to the problem of the motor car in the United Kingdom. *Transportation Research* 3(4), 429-442.

ⁱⁱ Communauto. (2010). *Communauto 2010 Annual Report*. Montreal, QC.

ⁱⁱⁱ Communauto. (2013). Nombre total d'usagers et de véhicules 1995-2012. <http://www.communauto.com/images/usagers.html>. Retrieved May 13, 2013.