

## Introduction to Bubble Graph Exercise for Free Geek Strategic Planning 2013

Free Geek is engaged in a strategic planning process in order to promote the long-term sustainability of the organization. For more information on Free Geek's strategic planning process, please see the Strategic Planning page on Free Geek's wiki at [http://wiki.freegeek.org/index.php/Strategic\\_Planning](http://wiki.freegeek.org/index.php/Strategic_Planning). As a part of that process we are employing several tools to assess our current situation. One tool is described in the book *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* (2010) by Jeanne Bell, Jan Masaoka, and Steve Zimmerman. This tool allows us to consider Free Geek's dual bottom-line of financial viability and mission impact in a graphical format. Inside Free Geek we have referred to this tool simply as “The Bubble Graphs”.

This document summarizes the findings of the Strategic Planning Committee (StratComm) after conducting this exercise in early 2013. We hope that this work will prove useful to Free Geek and that we can use it along with other tools to develop a strategy that serves the organization well. We emphasize, however, that this is only a tool and not a decision of any sort. Before providing recommendations to the Board of Directors and senior management we must complete other steps in the strategic planning process and get input from as many staff members and volunteers, as well as others, as possible.

We determined the costs and income associated with each of Free Geek's programs, and from this process determined the net income (or loss) associated with each. We also ranked each program based on our perception of its impact. The programs we looked at are listed here. (How we arrived at the programs and assessed costs, revenues, and impact can be found in the methodology section.)

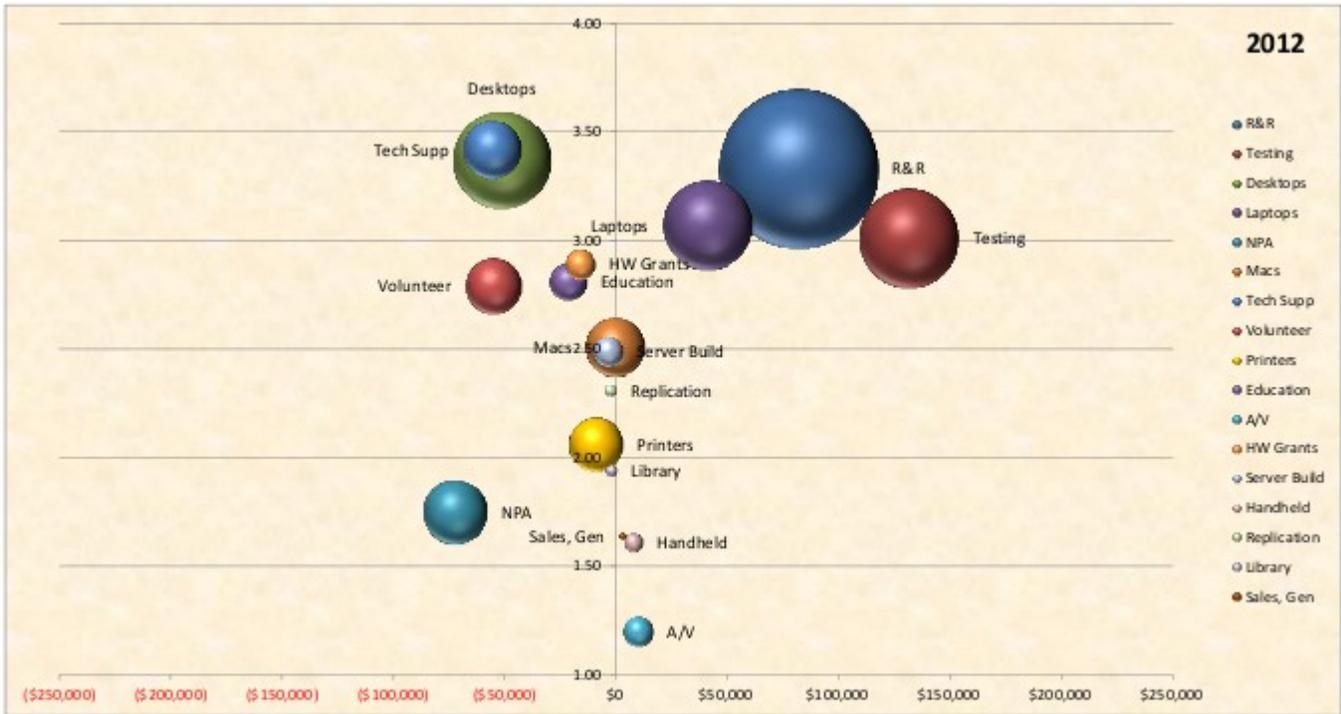
- A/V
- Desktops
- Education
- Handheld gizmos
- Hardware grants
- Internet library
- Laptops
- Macintoshes
- Nonprofit apprenticeship
- Printers
- Receiving & Recycling (Adoption)
- Replication
- Sales, non-production
- Server Build
- Technical Support
- Testing
- Volunteer, general

Plotting the programs based on their costs, net revenue, and impact allows us to visualize how well each program is doing in both financial and program terms, and then to classify each program based on what quadrant it falls into. This helps us identify a suggested imperative or strategy to consider for each program:

1. High impact, net loss: In the “**heart**” quadrant the recommended strategy is one of containing costs (upper left quadrant on the following diagram).
2. High impact, net gain: In the “**star**” quadrant the recommended strategy is one of investing in and growing the program (upper right quadrant).
3. Low impact, net gain: In the “**money tree**” quadrant the recommended strategy is to adjust to making the program more mission related (lower right quadrant).
4. Low impact, net loss: In the “**stop sign**” quadrant the recommended strategy is to divest, perhaps giving the program away to an organization that can do it better (lower left quadrant).

**It is important to remember that these “imperatives” are simply a part of an exercise and not any type of decision.** For example, if it is recommended that we stop a program that is simply an option we should explore. It is possible that program is necessary to the functioning of other programs and should be reclassified. In fact, when we initially explored these programs we discovered that both donation pickups and system evaluation when thought of as distinct programs needed to be reclassified as cost centers since eliminating them would have had profound negative impact on several other programs with high impact and/or net gains.

The Bubble Graph for 2012:



Notes:

The size of the bubble is indicative of the program's costs.  
 Net income (or loss) is measured along the horizontal axis.  
 The vertical axis shows the level of social impact.  
 To establish functional quadrants for comparison, Strat Comm used the midpoint of 2.5 for the vertical axis.  
 R&R is an abbreviation of Receiving and Recycling.

Program details and comments:

Once the exercise produced a graphical representation of our assessment, we interviewed at least one person (volunteer or staff member) involved in each program to supplement our understanding of that program. Following are the results of that survey. Note that these comments reflect the opinions of a single individual and should not be taken as a decision for the organization. We want to get your input as well.

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The following programs are part of the heart of Free Geek; this means that the programs have a high social impact but the revenue generated does not offset the program's costs. To improve heart programs, changes should be made to contain their costs. Imperative: Heart: keep, contain costs.

<b>Program name:</b>	Desktops	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$167,596	<b>Impact score:</b>	3.37
<b>Net income/loss:</b>	(\$51,449)		
<b>Mission:</b>	The Build program is the heart of refurbishing; refurbished desktops are disbursed to volunteers and are also available in the Thrift Store, providing low- or no-cost access to computers.		
<b>Business:</b>	Desktops are disbursed to volunteers and via hardware grants, as well as sold in the Thrift Store.		
<b>Reaction:</b>	Participation in the desktop build program is decreasing as people have less of a need for desktop computers, and are drawn more towards laptops, tablets, and smart phones.		

**Program name:** Macs **Department:** Production  
**Total cost (2012):** \$61,943 **Impact score:** 2.51  
**Net income/loss:** (\$620)

**Mission:** Another strong part of the refurbishing aspect of Free Geek; volunteers gain education and job skills.

**Business:** Macintosh/Apple products are popular in the Thrift Store; if supported strongly, the program could help to significantly increase sales.

**Reaction:** This program falls right in the middle, just barely in the heart quadrant. With development, it could generate more income while also increasing its impact.

**Program name:** Tech Support **Department:** Public Services  
**Total cost (2012):** \$60,225 **Impact score:** 3.42  
**Net income/loss:** (\$55,899)

**Mission:** Ensures those inexperienced with computers have access to reasonably-priced individualized support. Helps interns gain job experience and skills.

**Business:** Selling point for refurbished systems. Most services performed are free of charge (under warranty).

**Reaction:** Tech Support has a very high impact score but could use additional resources. Need to find a way to incorporate more professional and skilled volunteers. There may also be ways to generate more revenue within Tech Support by offering additional and expanded services.

**Program name:** Volunteer **Department:** Public Services  
**Total cost (2012):** \$55,177 **Impact score:** 2.79  
**Net income/loss:** (\$55,177)

**Mission:** Provides opportunity for people to participate in community service in exchange for access to computers, the Internet, education, and job skills. Currently central to every program at Free Geek.

**Business:** Brings in many people who otherwise would not visit Free Geek. Many start in our standard adoption programs and then apply for internships and shop in the Thrift Store. A major component of our current public relations.

**Reaction:** Volunteer appreciation can be better spread throughout the core operations of Free Geek, decreasing the costs associated with having a single Volunteer Coordinator. Steps have already been made in this direction as part of the reorganization.

**Program name:** Education **Department:** Public Services  
**Total cost (2012):** \$25,123 **Impact score:** 2.81  
**Net income/loss:** (\$21,697)

**Mission:** Plays a central role in providing access to computers. The Getting Started classes, for instance, help volunteers set up and start using the computers they've earned or built.

**Business:** Almost all classes are taught by volunteers and are offered free of charge.

**Reaction:** One way to generate revenue would be to charge a nominal fee for the class, perhaps based on pay-what-you-can model. We could also find grant-funding for this program.

**Program name:** HW Grants **Department:** Public Services  
**Total cost (2012):** \$16,317 **Impact score:** 2.89  
**Net income/loss:** (\$16,317)

**Mission:** Provides access to computers to educators, schools, non-profits, churches and other community change organizations.

**Business:** The program is almost entirely maintained by volunteer interns with limited staff intervention necessary. Brings attention to our other programs to grant recipients. Also brings in large web traffic for the search "free computers" and similar.

**Reaction:** Could find a way to integrate the offer of paid tech support to help increase income. May be able to find grant-funding to support the program. Costs are already low compared to impact.

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The following programs are Free Geek's stars; this means that the programs have a high social impact and generate significant revenue (sales of items in the store). Organizations should invest in and grow star programs. *Imperative: Invest and grow.*

<b>Program name:</b>	Receiving & Recycling	<b>Department:</b>	Operations
<b>Total cost (2012):</b>	\$446,790	<b>Impact score:</b>	3.33
<b>Net income/loss:</b>	\$81,806		

**Mission:** Recycles and provides access to technology, the very basis of our mission.

**Business:** Collection point for all items; offsets costs associated with ethical recycling.

**Reaction:** The Adoption program is unique in that it gives an incredibly diverse population of volunteers several opportunities: hands-on skill training, working toward computer ownership, performing community service, learning about technology and recycling.

<b>Program name:</b>	Testing	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$173,456	<b>Impact score:</b>	3.01
<b>Net income/loss:</b>	\$131,223		

**Mission:** Determines whether certain electronics can be recycled in the most environmentally friendly way possible - reuse; helps to provide low-cost computer equipment to the public.

**Business:** Ensures that the gizmos they test are in full working order, increasing the flow of quality gizmos to the Thrift Store.

**Reaction:** Continue to invest in and grow this indispensable program.

<b>Program name:</b>	Laptops	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$141,211	<b>Impact score:</b>	3.07
<b>Net income/loss:</b>	\$40,776		

**Mission:** Provides education and job skills; diverts e-waste from landfills.

**Business:** Laptops are a top-seller in the Thrift Store.

**Reaction:** Growing Laptops should be a top priority.

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The following programs are part of Free Geek's money tree; this means that the program generates revenue but has a low social impact. To improve money tree programs, changes should be made to increase the program's social impact while maintaining or increasing revenue. It should be noted that all of these programs are barely in this quadrant. That is, without attention some might move into a net loss. *Imperative: Water and harvest, increase impact.*

<b>Program name:</b>	A/V	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$16,699	<b>Impact score:</b>	1.20
<b>Net income/loss:</b>	\$9,689		

**Mission:** A/V identifies and refurbishes valuable audio visual components for resale, while recycling components that are broken or obsolete.

**Business:** A/V equipment is sold in the Thrift Store and online.

**Reaction:** A/V donations are a minor but steady portion of the technology that FG receives.

<b>Program name:</b>	Handheld Gizmos	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$6,752	<b>Impact score:</b>	1.61
<b>Net income/loss:</b>	\$7,560		

- Mission:** These devices have become an increasing portion of incoming donations. Many are able to be reused, while broken or obsolete devices can be recycled properly.
- Business:** Higher-end and newer handhelds, particularly newer iPods, iPhones, tablets, and high-definition digital still and video cameras, command good prices online or in the store.
- Reaction:** Adding more handheld devices to the pool of hardware available for hardware grants would help grow impact; increasing the number available for sales would help generate revenue. This may mean devoting more time and people to repairing those devices that can be easily repaired.

**Program name:** Sales, Gen      **Department:** Public Services  
**Total cost (2012):** \$1,034      **Impact score:** 1.64  
**Net income/loss:** \$2,664

- Mission:** Generally provides PR through the sale of Free Geek-branded t-shirts, stickers and other paraphernalia.
- Business:** Supports outreach and community-building.
- Reaction:** Could include more educational information with sales of these items. Should keep an eye on pricing for these items to ensure that any loss is part of budgeted outreach.

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**The following programs are represented by a stop sign; programs in this quadrant are those that cost Free Geek money (net loss) and also have low social impact. It should be noted that with the exception of the NPA program (which has since been retired) all of these programs are barely in this quadrant. That is, with tweaks each might move into a net profit or a more positive impact. Imperative: Divest or spin off the program.**

**Program name:** NPA      **Department:** Public Services  
**Total cost (2012):** \$72,502      **Impact score:** 1.75  
**Net income/loss:** (\$72,502)

- Mission:** Provided job skills and education to entry-level employees.
- Business:** NPAs were typically found in public-facing positions, accepting donations in Receiving and manning the Front Desk.
- Reaction:** The NPA program was ended in 2012. *Note: Activities that overlapped with other areas were allocated to them where possible. For example, when the apprentice worked in the receiving area, his or her wages were allocated to R&R, rather than NPA.*

**Program name:** Printers      **Department:** Operations  
**Total cost (2012):** \$51,850      **Impact score:** 2.06  
**Net income/loss:** (\$9,244)

- Mission:** Consists of three parts: Recycling, testing and bulk sales. Disassemble printers to maximize recycling value. Dedicated interns can learn skills. Selling surplus printers to bulk buyers is an excellent form of recycling.
- Business:** Volunteers remove plastic, gold-bearing circuit boards and valuable ink cartridges. Circuit boards and ink cartridges bring in a significant amount of money. Tested printers are sold regularly in the Thrift Store. Many printers are also sold to bulk buyers.
- Reaction:** The printers program is part reuse (production) and part recycling (operations). We recently simplified the recycling end of the program by combining it with the sorting of other incoming items and eliminating deconstruction of printers. Reuse remains intact, but is administered by the Operations Department. *(Note: There is logic in splitting the printer bubble up into recycling and reuse functions, but we tracked staff and volunteer hours as one activity ("Printers" or "Printer Admin") and did not break out the reuse activity beyond that. If we were to break it into these two parts, the recycling activity would be absorbed into the larger R&R program, and it is likely that the remaining printer reuse part would drift into the money tree sector. )*

<b>Program name:</b>	Server Build	<b>Department:</b>	Production
<b>Total cost (2012):</b>	\$16,030	<b>Impact score:</b>	2.49
<b>Net income/loss:</b>	(\$3,804)		

**Mission:** Highly technical hands-on experience with Enterprise grade equipment and technology; conduit into other areas of technical experience. It also provides other organizations access to technology through the hardware grants program.

**Business:** Generates income through the Thrift Store and online sales; also provides infrastructure for the organization that would otherwise be costly to procure and maintain.

**Reaction:** This program could progress far beyond its current impact with minimal input. We should be identifying ways to increase the income from server build, while holding steady or increasing its social impact and synchronicity with our mission.

<b>Program name:</b>	Replication	<b>Department:</b>	Operations
<b>Total cost (2012):</b>	\$2,721	<b>Impact score:</b>	2.31
<b>Net income/loss:</b>	(\$2,721)		

**Mission:** Other organizations with the Free Geek name perpetuate mission across the country.

**Business:** Support by Free Geek is costly, but there is potential for gaining income.

**Reaction:** Unique opportunity for networking and sharing resources with other organization. Strategy should be developed in order to maintain and support the program.

<b>Program name:</b>	Library	<b>Department:</b>	Public Services
<b>Total cost (2012):</b>	\$2,361	<b>Impact score:</b>	1.94
<b>Net income/loss:</b>	(\$2,361)		

**Mission:** Provides access to educational materials and the Internet. Enriches experience of volunteers who come to Free Geek for learning.

**Business:** Other than mission-impact the library does not affect other areas of Free Geek. Internet area engenders good will, but does not appear to bring in volunteers, donors or shoppers.

**Reaction:** Providing more education around the use of computers, or limiting their use to current volunteers, may help increase impact.

## Notes on the methodology

To assess the impact for each program, we used the seven criteria described in the book:

1. alignment with core mission
2. excellence in execution
3. scale or volume (e.g., number of people reached)
4. depth (e.g., significant impact on people)
5. filling an important gap (e.g., a service not being provided by other organizations)
6. community building
7. leverage (e.g., the program increases the impact of other programs)

We then asked five managers and the five people then serving on the Strategic Planning Committee to assess each program's impact. Each respondent rated each of the criteria for each program on a scale of 1 (not much impact) to 4 (exceptional impact) and the results were averaged to arrive at an overall score. No extra weight was given to any of the seven criteria in the calculation of the overall score.

To assess the costs and net income or loss for each program, we needed to allocate all expenses and revenues. Additionally, drawing lines between programs can be a bit arbitrary, but must be done in order to prevent dollars from being over- or under-counted. As a starting point, we used the three major program areas that we

report annually to the IRS on our form 990, as well as the collection of smaller programs. These are listed in order of overall cost without regard to income or loss:

1. Reuse
  - a) Testing
  - b) Desktops
  - c) Laptops
  - d) Macs
  - e) Printers (program altered significantly in 2013)
  - f) A/V
  - g) Server Build
  - h) Handheld Gizmos
2. Receiving and Recycling
3. Sales
4. Smaller programs:
  - a) NPA (program ended in 2012)
  - b) Tech Support
  - c) Volunteer
  - d) Education (including Summer Camp and Job Training)
  - e) HW Grants
  - f) Replication
  - g) Library

For this exercise, we analyzed the sales income in terms of the eight reuse-related products, and allocated sales costs along with income into those production lines. This left us with two non-production related sales streams: items processed in receiving and sent straight to sales (which was allocated to Receiving and Recycling), and non-reuse items such as T-shirts (which was counted as its own program). This approach has the effect of making the Sales program nearly disappear, but allows us to look at the largest major program (Reuse) in finer detail.

There are two significant cost centers that benefit multiple programs and these costs were roughly allocated to the programs that benefited in proportion to the benefit based on the estimated number of items processed:

- System evaluation
- Donation Pickups

Besides the above programs, there are two additional costs and income sources that Free Geek must account for.

- Fundraising is primarily done through workers at the donor desk asking donors for cash contributions. The costs and income associated with this were distributed throughout all the programs.
- Management and General refers to the indirect costs that the organization incurs in order to function, for example processing payroll, accounting, policy development, and overall management and governance activities. These costs were also allocated across all programs.

As a rule of thumb most costs in any area are related to staffing costs. In 2012, 80% of all costs went to staffing which includes wages, salaries, and benefits; 11% went to cover occupancy costs, including rent, janitorial, and utilities; the remaining 10% was split between several other smaller line items.

Allocation of these costs for form 990 requires us to note the percentage that goes toward programs vs. fundraising vs. management and general. In 2012, preliminary numbers suggest that we spent nearly 81% of our money on program, nearly 12% on M&G, and just over 7% on fundraising. M&G was higher than normal due to restructuring costs.

These numbers explain why one cannot simply multiply a rough hourly wage by the number of hours worked in a program area and arrive at its full cost. Besides rent and other miscellaneous costs, the overhead of M&G and fundraising must also be accounted for.