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NATIONAL CAPITAL FREENET INCORPORATED

2002

STRATEGY AND OPERATIONAL PLAN

Prepared for:
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1. EXECUTIVE SUMMARY

The National Capital FreeNet (NCF) 2002 Strategy and Operational Plan is intended to provide strategic direction and guidance for the operational decisions that will be made over the next 12 months.

The first step in developing a strategy is to understand the operating environment, both internal and external to the organization. Internally the NCF possesses strengths such as goodwill built up over almost 10 years of providing services to the community. Contrary to those strengths are number of noticeable weaknesses such as poor reliability, caused by older technological infrastructure. Externally, there are opportunities that the NCF can take advantage of, such as momentum generated by recent press coverage. And as with the internal environment, there are conflicting threats such as the affordability of high-speed internet access.

The next step is to understand the vision and mission of the organization. The NCF Mission is as follows:

The National Capital FreeNet / Libertel de la Capitale nationale is a free, computer-based information sharing network accessible in both official languages of Canada. It links the people and organizations of this region, provides useful information, and enables an open exchange of ideas with the world. Community involvement makes FreeNet an important and accessible meeting place, and prepares people for full participation in a rapidly changing communications environment.

The strategy that flows from the environmental analysis and the organizational mission has three components: the goals, products and services, and the basis of competition of the organization. The following is a list of goals for the NCF in 2002:

1. Remain donation based.
2. Improve the reliability of the services offered to our members
3. Extend the range of services offered to our members
4. Raise the visibility of the NCF within the community
5. Increase the relevance of the NCF
6. Build useful partnerships
7. Make better use of our members, supporters and volunteers
8. Improve our operational efficiency
9. Develop a long-term plan

Strategic goals must always direct the way the organization sets day-to-day priorities and makes operational decisions. Linked to each goal are a number of operational objectives, targets, tasks and accountabilities. The 2002 targets set ambitious, but realistic milestones for progress by the end of 2002.

Progress against two key indicators will ultimately determine the level of success of the 2002 Strategy and Operational Plan. There are two key indicators for 2002:

1. Active membership numbers: Success indicated by an active membership of 8008 by the end of 2002
2. Donation revenue: Success indicated by donation revenue from members and organizations totaling \$179,399 for 2002.

Finally, it is imperative that the NCF develop a long-term plan if it is to become self-sustaining. A number of goals and operational objectives for the medium and long-term are presented to initiate discussion and to act as a starting point for the development of the long-term plan.

2. INTRODUCTION

As we near the end of 2001, the National Capital FreeNet (NCF) faces serious challenges and significant opportunities. This document will present a strategy and operational plan for 2002 that will allow the organization to overcome the challenges and take advantage of the opportunities.

In order for the reader to better understand this document, I would like to present a brief description of each of the major sections.

The first section will summarize the internal and external operating environment. This is necessary in order to understand the constraints under which the NCF is operating.

Next follows the NCF Mission Statement, the basis for all activities undertaken by the (NCF). It highlights the core "raison d'être" of the organization.

Flowing from the mission statement is the strategic plan. Currently strategic plans target only the current fiscal year. The strategic plan provides the direction for the upcoming year and shapes the way the NCF sets day-to-day priorities and makes operational decisions. It includes the organizational goals, lists what products and services will be offered, and indicates how the organization will compete.

The link between the strategy and the day-to-day operational decisions is the operational plan. It links the goals outlined in the strategic plan with operational objectives and time frames in which to accomplish the objectives.

Plans require methods of evaluation to determine their success. Key indicators of success are presented that will ultimately provide a measuring stick of the success of the strategy.

Finally, as a way to initiate discussion on the long-term sustainability of the NCF, a number of medium and long-term goals and operational objectives are presented.

As the Executive Director of the NCF, it is my pleasure to present this document to the Board of Directors. It is my sincere belief that the strategy and operational plans presented herein will provide a framework with which to build a foundation for the long-term success of the NCF.

Ian MacEachern
Executive Director
National Capital FreeNet
January 1, 2002

3. ENVIRONMENTAL SUMMARY

An analysis of the NCF strategic environment can be summarized under four headings: strengths, weaknesses, opportunities and threats. Strengths and weaknesses are considered to be internal to the organization; opportunities and threats are external.

Strengths

- Goodwill built up over almost 10 years of providing services to the community
- Many willing sponsors and partners in a supportive hi-tech community
- A strong board
- A strong, dedicated core group of technologically astute members

Weaknesses

- Failure to effectively communicate the role of the NCF to members and non-members
- Poor reliability, caused by older technological infrastructure
- Uncertain direction – no clear vision for the future
- Failure to generate visibility in the community
- Limited financial resources

Opportunities

- Momentum from recent press coverage
- Potential to take advantage of a significant economic downturn in a number of ways including but not limited to: helping people stay connected when costs become an issue; providing an opportunity for people to upgrade their skills through volunteering;
- Potential to take advantage of projects that will provide increased visibility in the community

Threats

- Reduced funding of community foundations
- Proliferation of commercial ISP's
- Affordability of high speed access
- Poor financial results of high tech companies in the region resulting in reduced charitable and non-profit funding
- Declining membership, current members not renewing,

4. MISSION STATEMENT

The mission statement of the NCF is as follows:

The National Capital FreeNet / Libertel de la Capitale nationale is a free, computer-based information sharing network accessible in both official languages of Canada. It links the people and organizations of this region, provides useful information, and enables an open exchange of ideas with the world. Community involvement makes FreeNet an important and accessible meeting place, and prepares people for full participation in a rapidly changing communications environment.

5. 2002 STRATEGY

The 2002 Strategy is designed to build on the organization's strengths, overcome its weaknesses, take advantage of the opportunities and prevail over the threats it faces. Its guiding principle is to further the vision provided in the mission statement.

All of the goals outlined in the 2002 Strategy are derived from four organizational priorities: to see the NCF survive through 2002; to build a foundation for long-term sustainability; to establish the NCF as a final destination for obtaining internet services instead of preparing people for full internet participation with "real ISP's"; and, to initiate a change in the culture of the NCF, returning to the vibrant, relevant, and technologically current personality of the Neff's early days.

Accordingly, the following is a list of goals for the NCF in 2002:

1. Remain donation based.
2. Improve the reliability of the services offered to our members
3. Extend the range of services offered to our members
4. Raise the visibility of the NCF within the community
5. Increase the relevance of the NCF
6. Build useful partnerships
7. Make better use of our members, supporters and volunteers
8. Improve our operational efficiency
9. Develop a long-term plan

Expanding each item in this list briefly and in general terms.

1. Remain donation based
Support through member donations is a key part of NCF – it keeps NCF independent, and sponsors see it as a reason to support us. It has proven effective in the past but we must continue to provide good reasons for people to donate. NCF must be seen to be doing worthwhile things in the community, and providing members with value.
2. Improve the reliability of the services offered to our members
The technological infrastructure of the NCF is facing obsolescence. 14.4 and 28.8 kbps modems provide serious limitations to PPP users. 33.6 kbps modems are somewhat more modern but still significantly behind the times. Equipment to connect to analog phone lines is almost non-existent. In the long term, a transition to digital access technology is a must. In the short term significant improvements in the reliability of the current service must be made.
Our servers are not in immediate need of upgrading but will require it if we want to provide newer more resource intensive services. If we are to be able to handle success this part of the infrastructure must also be upgraded. A new technical infrastructure map outlining our server requirements and current resources will start this process.
3. Extend the range of services offered to our members
This process has already begun. We are implementing the Thin Client service. We hope to roll out the WebMail service and the Extended Access service early in the new year. Web-based communication/collaboration tools and domain hosting are just two of many other internet services we can make available to our members, either by providing them ourselves or through collaboration with partners. We should also be investigating, evaluating and offering access to new technological advances such as 802.11 networking

4. Raise the visibility of the NCF within the community
Many people in the city either don't know us or have erroneous or incomplete views of what the NCF is about. This has got to change. The projects will help. A coordinated and well-planned marketing campaign is essential. Reestablishing the NCF brand is paramount. And the web site needs a complete overhaul.
5. Increase the relevance of the NCF
The time where the NCF could simply provide basic internet services is past. We must give new members a compelling reason to join, and existing members a compelling reason to stay. We must be able to effectively answer the question "Why should I join the NCF, and why should I stay?"
The NCF is perceived as being old and outdated, both internally and externally. Recent news articles have suggested that the NCF is irrelevant. Communications among the membership via means other than e-mail is limited to newsgroups and their usage has declined. The NCF can act as a facilitator of discourse on issues that affect the community but needs to provide the means for citizens to communicate on-line first.
6. Build useful partnerships
This is a key to survival. We don't have the resources to go it alone. We must convince potential partners that there is value in partnering with us. We have things to offer: a large user base, an extensive network of contacts at all levels of government, a strong core group of technically knowledgeable members and volunteers, etc. What we need is to do is make use of partnership opportunities that will give us substantial benefits. Partnership just for the sake of partnering does no good.
7. Make better use of our members, supporters and volunteers
This goal goes hand-in-hand with the goal of building better partnerships. Critical to the success of the NCF is the ability to attract, utilize and retain high quality volunteers. The small staff and board of directors are not sufficient to perform all the activities required to survive and achieve long-term sustainability. It is imperative that a volunteer management process be established to determine what activities need to be performed and to effectively allocate the volunteer resources.
8. Improve our operational efficiency
In addition to establishing the NCF as a final destination for people needing internet services, we must make it easy for people to join, easy to donate, easy to stay a member. The current registration, donation, and membership maintenance system is in need of a significant upgrade if we are to be able to handle an increase in membership. Web enabling the system to allow the user to perform membership related tasks would dramatically increase efficiency.
9. Develop a long-term plan
Although the immediate term priority is to survive, and correspondingly the goals listed here focus on the short term, to achieve long term success and sustainability requires a plan. Accordingly, it is necessary to put in place a process for review of the vision and mission of the organization, with the intention of charting a course that will lead to the NCF becoming a model for other community networks, both in Canada and around the world.

The second component of the 2002 Strategy is the identification of which products and services the NCF will offer. In 2002 the services offered will be:

- Reliable basic internet services – access, e-mail, web page hosting
- Expanded services – thin client, web mail, web based communication (essentially chat rooms, internet "communities") and domain hosting

The final component of the 2002 Strategy is identifying how the NCF intends to compete in the marketplace. The basis of competition for 2002 will be as follows:

- Leading the way in the introduction of the community to new technologies e.g. 802.11
- Focusing member recruitment activities on a market niche – those citizens of the National Capital region most affected by the “dual digital divide”
- Partnering with organizations that will assist us in gaining access to that niche
- Focusing donor development activities on a market niche – those citizens who can afford to make donations and want to play an active role in improving quality of life in the community
- Improve on our core competency – providing basic internet access and basic internet services – and improving the reliability of our technology
- Expanded services
- Establishing an NCF “brand”

6. 2002 OPERATIONAL PLAN

The 2002 Operational Plan links the goals outlined in the 2002 Strategy with specific operational objectives, associated tasks, required resources, accountability, and performance targets. Its primary focus is to provide a framework for achieving the strategic goals while providing a genuine sense of strategic direction and establishing priorities for the day-to-day operational management of the organization. It must be noted that in order to achieve the goals a premium must be placed on discharging ordinary management functions extraordinarily well, although these functions are not specifically described here.

1. Goal: Remain donation based.
 - 1.1. Operational Objective: Achieve donations necessary to operate at break-even or at a surplus
Time Frame: Performance against budget measured Q1, Q2, Q3, Q4
2. Goal: Improve the reliability of the services offered to our members
 - 2.1. Operational Objective: Solve dial-up access problems
Time Frame: Q1
 - 2.2. Operational Objective: Upgrade the technological infrastructure
Time Frame: Q4
3. Goal: Extend the range of services offered to our members
 - 3.1. Operational Objective: Roll out Thin Client I (HRDC)
Time Frame: Q1
 - 3.2. Operational Objective: Roll out Thin Client II (IC)
Time Frame: Q2
 - 3.3. Operational Objective: Roll out Web Mail I (IC)
Time Frame: Q2
 - 3.4. Operational Objective: Roll out Extended Access II (IC)
Time Frame: Q1
 - 3.5. Operational Objective: Provide domain hosting services
Time Frame: Q3
4. Goal: Raise the visibility of the NCF within the community
 - 4.1. Operational Objective: Develop and implement an effective marketing program
Time Frame: Q2
 - 4.2. Operational Objective: Revamp web site
Time Frame: Q2

5. Goal: Increase the relevance of the NCF
 - 5.1. Operational Objective: Provide members the opportunity and means to become active participants in public debate of community issues i.e. discussions of the broadband initiative, etc.
Time Frame: Q3
 - 5.2. Operational Objective: Provide sponsorship and authentication service for 802.11community network
Time Frame: Q3
6. Goal: Build useful partnerships
 - 6.1. Operational Objective: Establish significant partnerships with community foundations, local corporations, individuals capable of providing significant donations
Time Frame: Progress measured Q1, Q2, Q3, Q4
7. Goal: Make better use of our members, supporters and volunteers
 - 7.1. Operational Objective: Establish volunteer management process
Time Frame: Progress measured Q1, Q2, Q3, Q4
8. Goal: Improve our operational efficiency
 - 8.1. Operational Objective: Port membership database to RDBMS
Time Frame: Q2
 - 8.2. Operational Objective: Start porting member service functionality to web-based system
Time Frame: Q4
 - 8.3. Operational Objective: Improve member support services
Time Frame: Progress measured Q1, Q2, Q3, Q4
9. Goal: Develop a long-term plan
 - 9.1. Operational Objective: Establish a long-term strategic plan for the organization
Time Frame: Q4

7. 2002 KEY INDICATORS OF SUCCESS

There are two key indicators that will determine the success of the strategy:

1. Active membership numbers: Success indicated by an active membership of 8008 by the end of 2002.
2. Donation revenue: Success indicated by donation revenue from members and organizations totaling \$179,399 for 2002.

Member Renewal Forecast Model

The basis for the forecasted renewing members is the model developed by Jim Elder (aa456). The model starts with the number of active members in the membership database. It then segregates the members according to how long they have been members of the NCF and by the month of their renewal date. For brevity we will call these figures "members by age by renewal month (MARM)". Next the model uses past registration and renewal data to determine the probability of renewal for each age and renewal month, and then averages the monthly figures into a probability of renewal for a given age (pAge). Multiplying the two (MARM, pAge) gives the number of renewing members likely to renew for a given age and month of renewal (RMARM).

Next the model takes the average donation for the current year and divides it by the average donation for the previous year (in this case, the previous year being 2000, the current year being 2001). This gives a scaling factor, essentially predicting the rate of increase or decrease in average donations based on past trends. The model then multiplies the average donation for the previous year for each age by the scaling factor to give the predicted average donation for each age (PDA).

An analysis of the current year's renewal numbers is then used to develop a probability of a renewing member donating (pDon)

Multiplying the number of renewing members likely to renew for a given age and month of renewal (RMARM) by the probability of a renewing member donating (pDon) by the predicted average donation for each age (PDA) gives

the monthly renewal donation dollar figure. The model then lags the monthly renewal donation figure by three weeks to account for the actual date of donation as compared to the renewal date.

Development of 2002 renewal numbers

Renewing Members

Currently, there are 6,734 active members. The model uses the numbers for probability of renewing by age of member (page 9), as shown in column 2 below. These numbers are based on historical data. To develop the target for numbers of renewals I have used the probabilities in the third column.

Age of member	Current probability of renewal	Revised probability of renewal
1	30%	50%
2	60%	67%
3	64%	71%
4	68%	75%
5	68%	75%
6	72%	79%
7	75%	82%
8	76%	83%

My plan to achieve the higher numbers of renewals call for an increase in the percentage of members renewing of 7% for members who have been with NCF for 2 years or more. I believe this can be accomplished by increasing the reliability of the dial-up access, upgrading the technical infrastructure, and by successfully rolling out the new projects (Thin Client, Web Mail).

The most challenging part of the plan will be to increase the probability of renewal for members who have been with the NCF for only 1 year from 30% to 50%. In order to accomplish this we will count on the planned initiatives to retain members who have been with the organization longer than 1 year as mentioned above, plus specifically target newer members in a modified renewal letter, and also by conducting a campaign that will attempt to have somebody in the organization contact them either by e-mail or phone to ensure they know why they have to renew, the benefits of the NCF, and to listen to concerns or complaints they may have.

The number of renewing members using the higher probability of renewal is given in the summary table below.

New Members

The forecasted numbers for new members have been 98 per month for the last two years. For new members, we have consistently achieved an average of 132 per month in the last 24 months. This has been accomplished without the benefit of a sustained marketing effort. I feel that we can achieve an average of 135 new members per month, as a base new member figure, with monthly variations based on historical patterns noted over the last two years. These numbers are expected to be achieved before taking into account the rollout of the new projects and the implementation of a marketing campaign.

We will be rolling out the new Thin Client project in February. I do not see an immediate benefit of this in attracting new members, but with the initiation of the promotional campaign tied to the project rollout, I forecast the number of new members joining the NCF primarily because of this initiative will start at 25 in April and peak at 125 in the months of September and October.

Likewise, we plan on rolling out the new Web Mail project in April, with the resulting new members tied to this initiative averaging 30 per month starting in September. The lower number here results from the fact there is much more competition in this area from well-established competitors such as hotmail and Yahoo.

Other initiatives such as providing members the opportunity and means to become active participants in public debate of community issues, providing sponsorship and authentication service for an 802.11 community network, and establishing significant partnerships with community foundations, local corporations, service clubs and other non-profit organizations, will also increase the number of new members. I expect these initiatives to attract an average of 50 members per month starting in March.

Finally, there are a substantial number of members whose status is in a state of flux. They are not new, nor have they renewed, but they are still in an active state. Currently that number totals around 500.

The following table summarizes the forecast membership numbers for the year 2002.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Renewals	446	544	511	551	524	517	309	263	280	257	205	239	4643
Base New	177	169	158	119	135	116	106	136	141	136	130	97	1620
Thin Client New				25	50	50	50	50	125	125	75	75	625
Web Mail New									30	30	30	30	120
Other Initiatives New			50	50	50	50	50	50	50	50	50	50	500
Total New	177	169	208	194	235	216	206	236	346	341	285	252	2865
Flux													500
Total Members Dec 31 2002													8008

Donations from members and organizations

Ultimately the long-term sustainability of the NCF hinges on donations, particularly from members but also from organizations.

For renewing members, past experience indicates that we can expect 58% to donate, with an average donation in the past year being \$48.56. I expect these figures to remain constant in 2002.

For new members, past experience indicates that we can expect 45% to donate, with an average donation in the past year being \$29.71. The target donation rate is expected to remain constant, while the average donation will increase slightly to \$30.00.

For organizations, donations in the past year averaged \$800 per month and this is expected to continue in 2002.

The following table summarizes the target donations from new and renewing members and organizations.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Renewals	446	544	511	551	524	517	309	263	280	257	205	239	4645
Donating	259	315	296	319	304	300	179	152	162	149	119	138	2693
Renewing													
Donations	\$12,531	15,304	14,371	15,441	14,651	14,569	8,816	7,566	8,113	7,443	5,909	6,805	\$131,519
Total New	177	169	208	194	235	216	206	236	346	341	285	252	2865
Donating	79	75	93	86	105	96	92	105	154	152	127	112	1276
New													
Donations	\$2,370	2,250	2,790	2,580	3,150	2,880	2,760	3,150	4,620	4,560	3,810	3,360	\$38,280
Organization													
Donations	\$800	800	800	800	800	800	800	800	800	800	800	800	\$9,600
Total													\$179,399

8. LONG TERM STRATEGY

An important part of the strategic planning for any organization is to establish a long-term vision and accompanying goals. This section will outline goals that should drive the planning process for 2003 and beyond.

Medium Term (2003-2004)

Goals

- Continue to build the NCF brand
- Convince more and more potential partners that there is value in partnering with us – start having them approach us
- Continue to upgrade technologically

Operational objectives

- Complete porting member service functionality to web-based system
- Completely revamp server architecture map
- Upgrade dial-up access to digital technology
- Form extended access agreements with at least 1 other partner in addition to SmartCapital partner and Mitel
- Provide web-based community interaction technology to members
- Upgrade server architecture
- Continue to establish significant partnerships with community foundations, local corporations individuals capable of providing significant donations
- Continue to play leadership role in 802.11 community network rollout
- Execute francophone membership drive
- Provide domain registration services (through a CIRA registered partner)

Long term (2005 - 2007)

Goals

- Become a model for freenets/community networks around the world
- Become self sustaining
- Operate in a highly efficient manner; achieve continuous quality improvement in management and administration of the organization.
- Become a proactive, learning organization
- Increased corporate/organizational funding – we want organizations to want to come to us with funding for community projects, not have to search them out and beg for money
- High visibility in the community
- Increased Francophone membership

Operational Objectives

- Continue to establish significant partnerships with community foundations, local corporations individuals capable of providing significant donations
- Encourage various levels of government to recognize the value of community networks
- Begin to provide means other than dial-up to access the internet (i.e. broadband) likely through a partnership
- Focus on new technological developments that affect the citizens of the National Capital region
- Provide leadership to other community networks
- Maintaining systematic, performance-oriented strategic and operational planning
- Encouraging and initiating communication with other freenets

9. CONCLUSION

The purpose of this document is to provide a framework for guiding the day-to-day management of the National Capital FreeNet. In order to accomplish this purpose, I have presented: a summary of the current operating environment; the NCF mission statement; a proposed strategy including specific goals for 2002; key indicators of success; an operational plan for implementing the strategy; and, finally, an initial list of long-term goals and objectives. It is my sincere belief the strategy and operational plan will provide the NCF with the direction necessary to effectively manage the organization and develop a foundation for its long-term sustainability.

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