SROI analysis of the project: “Donate your washing machine!”

The ecological-social redistribution of washing machines and dishwashers.

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The NPO Institute, competence centre for non-profit organisations, was tasked by the Coca-Cola Austria with the ***evaluation of the project “Donate your old washing machine! The ecological-social redistribution of washing machines and dishwashers”***. Under the initiative "Ideas against Poverty", the project was awarded the first prize in 2009. The "Ideas against Poverty" innovation prize was initiated in 2007 by Coca-Cola Austria together with Der Standard and the NPO Institute at the WU Vienna. Its aim is to support the implementation of projects in the area of poverty alleviation and prevention in Austria by an initial financial aid.

The evaluation was done by way of a Social Return on Investment (SROI) analysis with the goal of assessing the added value for society generated by the project in an as comprehensive as possible manner. The method is intended to measure, aside from the financial effects, explicitly also the social effects of the project. For this analysis, the model developed by the New Economic Foundation(NEF) was applied, which basically means that, in a first step, the most important stakeholders and their objectives must be identified. After that, the input invested is compared with the output achieved and the outcome per stakeholder in an impact value chain. Subsequently, the outcome must be translated into suitable indicators, which in turn must be corroborated by data so that, in the end, the SROI value can be calculated.

Under this project, old and/or no longer required washing machines and dishwashers are collected and repaired at the Reparatur- und Service-Zentrum R.U.S.Z. and are then sold to socially disadvantaged households at prices lower than those offered by retailers. Using the company's own development of "washing machine tuning", old devices are turned into household appliances of energy efficiency class A. The staff working in the project are previously long-term unemployed people who have found employment at the R.U.S.Z. and have thus been re-integrated into the labour market.

This analysis refers to the year following the awarding of the prize (2010) and covers only the donation project, not the entire R.U.S.Z. organisation. The project was officially launched on 16 June 2010, which was preceded by a project development phase. During this period, a total of 486 household appliances were obtained, 89 of which could be sold. When comparing the generated total outcome to the investment amounting to 208 027 Euros, a ***Social Return on Investment value of 0.97 results. This means that every invested Euro created effects equivalent to the monetised value of 0.97 Euros***. Put bluntly, from an economical perspective of an SROI analysis, the ratio between what was invested into the project and what it produced is almost 1:1.

In the present analysis, two areas have a strong effect on the calculated final value. On the one hand, the number of electrical appliances sold and, on the other hand, the number of staff working in the project. If we merely look at the profit divided by stakeholder groups, it becomes evident that the previously long-term unemployed staff and the buyers of the repaired appliances benefit most from the project.

In this project, the major leverage of the SROI value is the number of repaired and sold washing machines or dishwashers. Approximately 41 additional repaired and sold appliances would *ceteris paribus* signify an increase of the SROI value to 1.07 (thus 10 percentage points). What needs to be viewed especially critically is that the possible sales figures of 1 750 units/half-year forecast in the business plan (Eisenriegler 2009) are significantly higher than the 89 units that were actually sold. According to the project manager, the high deviation was mainly due to the fact that a co-operation under the Waste Electronic and *Electrical Equipment Regulation* with two major electronic retailing chains did not materialise. In addition, the efficiency of the employees who worked on the old washing machines or dishwashers as compared to the values assumed in the business plan was clearly overestimated. While the forecast provided for 700 appliances/half-year/employee, in reality, it were only 75 appliances/half-year/employee.

All in all, this is a very good project as far as the basic idea is concerned, which, however, in the operational implementation so far, has lagged significantly behind the original assumptions. The relatively poor SROI value of 0.97 is mainly due to the extremely low actual processing and sales figures compared to the business plan, and currently says more about the relatively poor operational success than the basic business model.

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The entire study is available in German at www.wu.ac.at/npo/competence