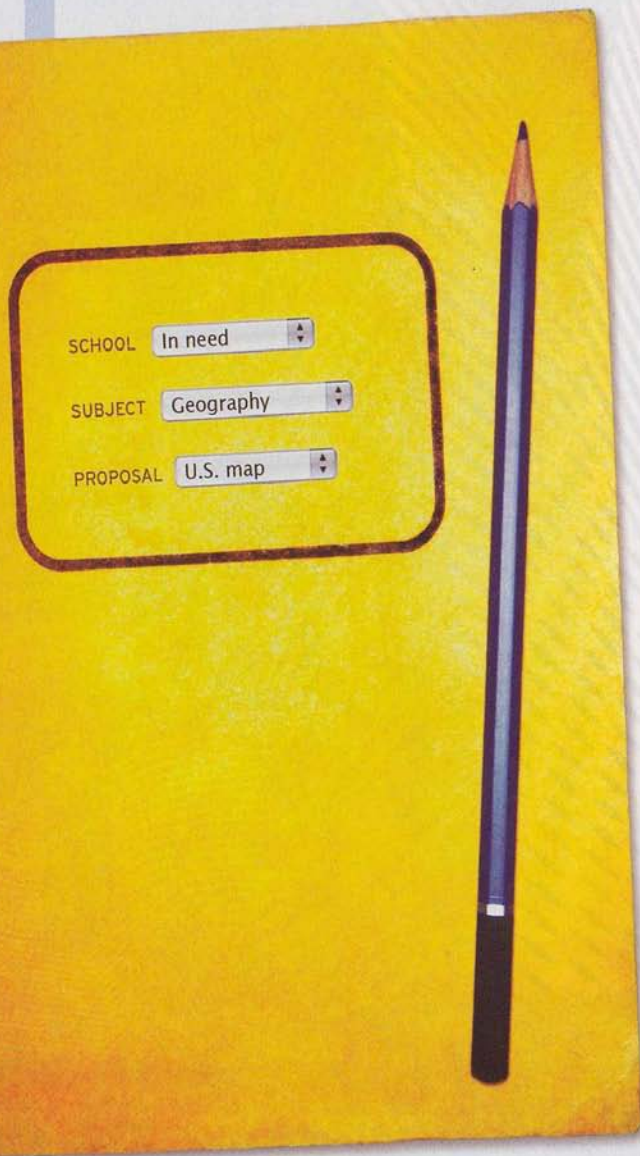


Person-to-person Philanthropy

A new website applies an essential business principle to charity: Give people a choice.

BY VIRGINIA HOLMAN



TWO YEARS AFTER he graduated from Yale in 1998, Charles Best took a job as a public high school teacher at Wings Academy, an alternative public school in the Bronx. The boyish, sandy-haired man with a teacher's heart and an entrepreneur's mind quickly realized that sometimes the very basics—pencils, calculators, dictionaries—were missing. The school simply lacked the funds. When he and his fellow teachers needed notecards or test tubes or a whiteboard, they often avoided the long and arduous process of getting a grant by buying the supplies themselves. Best and his colleagues regularly supplemented their classrooms with “hundreds of dollars of supplies,” he says. It was like taking a pay cut from an already modest salary—\$32,500 for a starting teacher that year. The teachers didn't have the resources to fill the larger gaps, such as outdated world maps or a shortage of microscopes.

Unlike his students, Best had grown up fortunate enough to attend St. Paul's, a private boarding school in New Hampshire. “My private school education brought into sharp relief the resources that my students lacked and the funding constraints placed on teacher innovation,” he says.

One day in early spring of that year, Best was lunching with his colleagues in the teachers' lounge and having a wistful conversation about what they could do if they had the means. One teacher wanted SAT study guides for her students. Another wanted to do a summer reading project for tenth graders that would require several hundred dollars' worth of books. The school system had no additional funds, and there wasn't enough lead time to apply for outside funds for the current school year. Wouldn't it be nice to have someone just hand the kids what they needed? If people only knew how little it would take, someone would surely offer to help. But how could teachers get the word out?

That question sparked a eureka moment. Best thought, *What if there were a website where teachers could post their classroom needs, and individual donors could scroll through the requests point, click, and fund? No phone calls, no middleman skimming money off the top, just person-to-person demand and supply.* The name for the site soon followed the idea: DonorsChoose. Best retreated to his bedroom in his mother's Manhattan apartment. “I drew designs of each web page and wrote the functional specifications—business rules, formulas, and so on,” Best says. “Then I paid a programmer \$2,000 to encode those specifications.” The organization would vet requests, buy the supplies, and send them to their respective schools to avoid any whiff of impropriety. One hundred percent of donations would fund the proposals, but donors would be asked to give an extra 15 percent to cover overhead for the business. (More than 80 percent of them would end up deciding to give DonorsChoose the additional amount to pay the bills.)

Several weeks later, Best held a launch party at school for his new nonprofit brainchild. To get people to come, his mom and aunt baked cakes and cookies. Best gave a little speech to his colleagues. The model was so fresh, so simple—and, noted a couple of the teachers, perhaps too good to be true.

Nonetheless, several of them soon posted requests.

To prime the philanthropic pump, Best and his aunt secretly funded the first 11 projects. "I wanted my colleagues to think the website worked," he says. They clearly did. News of the site raced through the school and the Bronx, and teachers' proposals poured in. Only one thing was missing: donors.

"At that point," Best says with typical understatement, "I realized I was kind of in a bind." He limited requests to teachers working in New York so that he had a shot at balancing proposals with willing donors. Meanwhile, he tapped two rich resources: his alumni directories from St. Paul's and Yale. Rather than send out a single form letter, Best recruited students from Wings Academy to do the pitching. "They immediately grasped the idea and saw how it would benefit them," he says. Working every day for four months, student vol-

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unteers hand-wrote and mailed more than 2,000 letters to individuals in those directories. The personal touch worked; the students' appeals generated the first \$30,000 in outside donations. Best decided that every donor would receive a handwritten thank-you note.

The buzz around this high-tech, high-touch style of charity continued to grow: *Newsweek* did a story, and Oprah invited Best to appear on her show. The national publicity attracted Michael and Laura Brader-Araje, philanthropists from Chapel Hill, North Carolina, who helped Best expand the business.

DonorsChoose isn't the only person-to-person charity website out there. Global Giving (globalgiving.com), which connects users with charities

around the world, promises that 85 percent to 90 percent of an individual donation will get to local project leaders within 60 days. Modest Needs (modestneeds.org) puts donors together with low-income workers who need emergency funds for medical and heating bills and the like. Kiva.org directs microloans to small businesspeople worldwide. Does this mean that the nonprofit world is going the way of eBay? Not necessarily, says Best. He notes that eBay lets individuals exchange money and goods privately, while person-to-person charities operate more like Netflix. Like the DVD rental site, online charities handle donations and delivery. Still, eBay founder Pierre Omidyar must like the model. He provides major backing to all of these groups, including DonorsChoose. His foundation gave the site a seven-figure grant to help take it nationwide this fall.

Best says that while DonorsChoose could have gone national earlier, it would have been a challenge to get the word out to potential supporters. An incremental expansion allowed him to set up several regional offices. Since staffers in these offices have developed deep roots among businesses and influential philanthropists, the site can now succeed on a national scale. Meanwhile, Crate and Barrel is helping spread the word to donors. The company recently gave \$100,000 worth of \$25 DonorsChoose gift certificates to its most-valued customers.

But you don't have to wait for a gift certificate to use the site. In fact, if you find it difficult to pick from so many worthy projects, you could buy a gift certificate for someone else. Your choice then becomes their choice.

Virginia Holman is the author of Rescuing Patty Hearst (Simon and Schuster). She lives in North Carolina.

How to Fund a Classroom

Though DonorsChoose makes giving a snap, you still face a bewildering number of choices. Founder CHARLES BEST suggests four ways to winnow them down:

MAKE IT QUICK Use the Quick Search box. The DonorsChoose website offers several ways of searching for projects. People often click the Search button. That lets them see all the projects that fall into different categories, such as region, subject, and student profiles. Or they do a regular search, narrowing the field in a similar way. But Quick Search is more personal. Instead of looking for projects in your county, you can search for projects that match your specific areas of interest. Type in the name of your favorite book in high school, your hobbies, or something else that interests you. Any projects that include these elements will pop up. Then you can give to a project you feel truly connected to. When we first started, people predicted that donors would just fund projects in their own communities. But we've found that donors care more about a personal connection with the project or the students than the location of the school. If a teacher wants to introduce her students to a topic or activity donors feel passionate about, they don't care if the school is three states away.

USE STAFF PICKS When you visit the DonorsChoose website, you'll see a box in the bottom left corner called A+ Ideas. These are projects that our screeners found especially

compelling. It's similar to the "staff picks" shelf at your local video store. If you can't decide which project—or projects—to support, these recommended picks may give you some guidance.

GO CHEAP Find projects that need less than \$200 for completion. One way to get the most for your money is to close out a project. On our Search page, you can select a category called Cost to Complete. Click on the link labeled "up to \$200," and you'll find projects that need only a little money. With a relatively small donation, you can close two or three projects and walk away with a great feeling of accomplishment.

OPEN A GIFT REGISTRY If you have a special occasion coming up, such as a wedding or birthday, ask your well-wishers to give to DonorsChoose instead of buying you a gift. In just a few minutes, you can create a registry page on the website and pick 10 projects you'd like to see funded. Once you set up your page, you can send your friends and family a link by e-mail so they can make a donation in your honor. The donors will receive a tax deduction for their gift, while the thanks from the classroom will go to you.