

Changing the way we think about changing the world.

**Charity School
Business Plan
Fall 2016**

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Executive Summary

For more than a decade, charity experts have agreed: our broken method for evaluating charities is undermining the causes we love. Our demand for low overhead and bare-bones budgets leaves charities grossly under-resourced as they attempt to tackle massive social problems. By holding charities to the wrong standard — “low overhead” rather than “big impact” — we inadvertently set charities up for failure.

Until we correct our culture's misconceptions about charity, organizations will continue to underperform, donors will be misled in their giving decisions, and social problems will persist far longer than they would under a more thoughtful, impact-driven paradigm.

The Charity Defense Council was launched to spark this paradigm shift for charity. To create this widespread shift in public opinion, we're launching a new initiative called Charity School. Charity School is a gamified web platform that uses engaging video content to teach users how big impact gets made and show them how the current way of thinking leads to a harmful set of unintended consequences. By 2020, we'll build a database of at least 10 million informed, energized graduates. With this focus on fostering an informed civil society, we'll systematically: (1) challenge misconceptions that undermine the charity sector, (2) reframe public opinion about charity, and (3) optimize the charity sector's operating environment.

Market adoption for Charity School will be driven primarily by peer-to-peer sharing and grassroots organizing, with users recruiting their personal contacts to go to Charity School and embrace our large purpose: maximizing the potential of charity. With the help of data collection, we'll be very strategic in segmenting our user base, identifying our most high-potential users and coaching them to be successful peer-to-peer activists. As we grow, we'll aim to convert at least 5% to 10% of users into recurring monthly donors, which would cover all of our fixed operating expenses at steady state.

Ultimately, Charity School aims to build a more informed civil society and influence charity's major levers — foundations, watchdogs, media, and government — to adopt a more effective, thoughtful approach to charity. We're led by an accomplished team of change-makers and movement-builders. Together, we've inspired some of the charity sector's biggest and most impactful innovations. And, now, we're teaming up around a single, bold goal: changing the way we think about changing the world.

The Problem

There's a consensus among charity experts: our method for evaluating charities is broken. And, that's leading to serious consequences.

Conventional wisdom has always told us that charities should limit their spending on overhead — things like fundraising, advertising, infrastructure, and administration. We've been taught that overhead spending is wasteful and takes away from “the cause.”

However, over the past several years, thought leaders have become increasingly concerned about the unintended consequences of the “overhead myth,” this false idea that low overhead is an indicator of high performance:

Figure 1: Experts on the “Overhead Myth”		
Organization	Year	Statement
Urban Institute Indiana University’s Center on Philanthropy	2004	“Low overhead limits nonprofit effectiveness.”
The Bridgespan Group	2009	The “overhead myth” leaves charities “so hungry for decent infrastructure that they can barely function as organizations — let alone serve their beneficiaries.”
Charity Navigator Guidestar Better Business Bureau Wise Giving Alliance	2013	“The people and communities served by charities don’t need low overhead, they need high performance.”
Ford Foundation	2015	“All of us in the nonprofit ecosystem are party to a charade with terrible consequences — what we might call the ‘overhead fiction.’”

If we’re truly committed to solving social problems, we need to address this misconception.

As a sector, we’ve known for years that overhead is a false proxy with serious side effects. We’ve known that the “overhead myth” is making it nearly impossible for organizations to be effective and solve big social problems. And, we’ve known that ineffective organizations lead to slow social change and prolonged suffering. But, we haven’t been able to come up with a better solution or change our approach.

That’s because this is an abstract problem that lacks the urgency of hunger, disease, and poverty. And, it’s because the donating public has been entirely left out of the conversation. Without a sense of urgency and an informed civil society, charity is destined for stasis.

The Opportunity

“Paradigm shift” is defined by Merriam-Webster as “an important change that happens when the usual way of thinking about...something is replaced by a new and different way.”

Today, we have a unique opportunity to create one of the most powerful paradigm shifts in history. We can end the “overhead myth” and change the way the world thinks about social change. In doing so, we’ll remove the constraints that limit the charity sector and create the conditions that help charities maximize their potential. That means we’ll be able to achieve a faster, more complete end to the world’s most intractable social problems.

We’re creating this “paradigm shift” with a web platform called Charity School. Through Charity School, the donating public learns how big impact gets made and discovers the unintended

consequences of the “overhead myth.” One by one, we’ll build the foundation for a more thoughtful and effective approach to charity. Once we’ve amassed an army of grassroots supporters, we’ll begin to pressure charity’s major influencers and demand game-changing systemic changes:

Figure 2: Changing the System			
	What’s Wrong	Change Needed	Why It’s Important
Foundations	Most major foundations limit overhead costs to 10% or 15%. These rates are unrealistic and insufficient, which creates gaps in funding and leads charities to misrepresent their costs.	Full funding of projects, transparency about costs	Foundations are the leaders of the philanthropy community. Because of the need to raise funds, there’s a tremendous power dynamic between charities and foundations.
Watchdogs	Charity ratings are based on financial ratios, which provides misleading information and does more harm than good.	Emphasis on impact, not overhead	Individual contributions represent more than 70% of charitable giving each year. These donors rely on watchdogs to research charities, but the information they’re getting is undermining the causes they care about.
Media	In an effort to enforce accountability, the media regularly exposes alleged charity scandals. But, the reporting is often grounded in the “overhead myth,” ignoring impact and giving the public unreliable information.	More informed reporting, fewer sensationalized stories	When it comes to charity, the media has the biggest impact on public opinion. Unfortunately, their influence has been largely counterproductive, reinforcing the “overhead myth” and inflaming the public rather than informing them.
Government	Elected officials base their lawmaking on the “overhead myth” and other misconceptions about charity. This creates an operating environment that stifles charities’ potential.	Laws that better support the charity sector	Lawmakers decide how charities are regulated. By better informing elected officials, we can reform laws to ensure that they support charities in their efforts to solve social problems.

By sparking this paradigm shift and replacing the old view of charity, we’ll create an environment that’s properly suited to confront and eradicate massive social problems.

The Strategy

The Charity Defense Council was chartered specifically to spark a paradigm shift for charity. Our purpose is to create the conditions under which charities can realize their full potential and remove the conditions that prevent them from doing so.

Charity School will be our mechanism for building a more informed civil society, growing a movement, transforming the charity system, and ultimately accelerating social change.

By building a movement that supports an impact-driven approach to charity, we'll transform the entire charitable system. We'll stop glorifying a culture of deprivation and ensure that charities are built with the right goal in mind: big impact, not low overhead. That means more talent and resources flowing to our best charities, which ultimately means faster social change. By reframing public opinion, we'll reset the foundation upon which charity is built, creating lasting benefits for every beneficiary of every charitable cause.

Today's thought leadership almost never transcends professional circles, leaving the donating public in the dark about crucial changes needed in the sector. Most efforts to reach the donating public simply tell donors where to give and, in many cases, reinforce the "overhead myth." Any content that does aim to educate donors (books, TED Talks, etc.) fails to capture contact information or lay the groundwork for a movement.

Charity School is the only solution designed for building a movement and systematically changing the charity paradigm.

The Product

Charity School is a 35-minute experience where users learn how big impact gets made and discover the unintended consequences of the "overhead myth." By 2020, Charity School will become completely ubiquitous in the charitable sector — a fundamental act of civic duty.

Figure 3: Charity School Snapshot	
Aspect	Description
Audience	Donating Public (board members, donors, volunteers)
Delivery	Web Platform
Content	Video Content covering 6 modules: overhead, fundraising, giving, media, financials, impact
Key Features	<p><u>Gamification</u>: Gamification elements will encourage users to complete modules, answer short quizzes, and showcase their mastery of Charity School content.</p> <p><u>Peer-to-Peer Sharing</u>: Sharing elements will encourage users to challenge their personal contacts to pass Charity School. Badges and leaderboards will recognize our top promoters.</p>
Monetization	Charity School will be completely free to use. We'll monetize by converting approximately 5% to 10% of our users into recurring monthly donors.

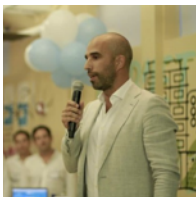
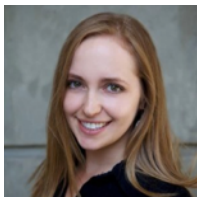



Our appendix includes a series of mockups that demonstrates the look and functionality of Charity School.

Market Adoption

Charity School's success will depend entirely on market adoption. Unless we can build a sizable user base, our efforts won't have the transformative impact we're seeking. Thus, our market adoption strategy is the most crucial piece of this business plan.

An important prerequisite for market adoption is that we produce the right video content. Our videos must be substantive enough to inform users, but not too technical to bore the donating public. To strike this sweet spot, we'll work with partners like: (1) The Bridgespan Group to guarantee our content is accurate and informative, and (2) the team at Invisible Children, who are masters at using video to tell stories and mobilize the masses. We'll also dedicate significant energy to market research to ensure that we understand what content will elicit the best response from users.

Once our video content is properly tested and optimized, we'll target the following 5 personas:

Figure 4: User Personas					
	Fundraiser Fred	Millennial Marie	Volunteer Vicky	Donor Dave	College Caroline
Persona					
Role	Raises Money for Charity	Works at Charity	Volunteers for Charity	Donates to Charity	Interested in Charity Career
Story	Loves fundraising job. Wants to be more effective.	Starting career in charity. Wants to help people.	Cause is close to her heart. Team Captain for charity walk.	Board Member for local charity. Wants to make a big impact.	Wants a meaningful job. Wants to help people.
Age	30-50	20-30	40-60	40-60	17-23
Challenges	Donors have bad info. Perceived as "overhead." Criticized for his salary.	Job not taken seriously. Frustrated by inefficiencies. Unable to save money.	Uneasy over event costs. Unsure how to answer doubts from friends and donors.	Unsure what info to trust. Frustrated by inefficiencies, staff turnover.	Nervous about inefficiencies, low salary. Not sure how to have a big impact.
Appeal of Charity School	Helps inform his donors. Increases trust, transparency. Helps him raise more money.	Helps educate friends, family. Improves job environment. Makes it easier to stay in sector.	Helps educate friends, family. Increases trust, transparency. Helps keep her team motivated.	Helps him grasp issues better. Improves board decisions. Extends impact of giving.	Helps educate friends, family. Paves the way for a stronger sector.

As we're launching Charity School, we'll spend a significant amount of time and effort trying to better understand these personas. By honing in on specific personas, we'll know what content to produce, how to attract the right users, and which users are most valuable.

To reach these personas, our market adoption strategy will focus on both grassroots and conventional marketing techniques. Grassroots techniques will tap into our existing base of supporters and encourage them to promote Charity School on our behalf. Conventional techniques will aim to reach new users without tapping into our existing base of supporters.

Our direct techniques are based on good, old-fashioned grassroots organizing:

Figure 5: Market Adoption (Grassroots)			
	Peer-to-Peer	Charity Referrals	Grassroots Organizing
Description	Users recruit their personal contacts on our behalf.	Charities promote us to their stakeholders.	Users promote us through organized events.
Target Persona	Fundraiser Fred, Millennial Marie, Volunteer Vicky	Donor Dave	Millennial Marie, Volunteer Vicky, College Caroline
Explanation	By informing users and connecting them to our larger purpose, they'll promote Charity School on our behalf.	Through partnerships, charities will promote Charity School to donors and volunteers on our behalf.	Users will volunteer to host events (in office, at home, on campus) to promote Charity School on our behalf.
Value Offered to Persona	Provides sense of purpose by improving charity sector.	Increases confidence in research process.	Provides sense of purpose by improving charity sector.
Necessary Staff Competencies	Peer-to-Peer Activism Account Management	Building Partnerships	Grassroots Organizing Event Planning
Cost of Acquiring User	Medium	Low	Medium
Example	Millennial Marie recruits 10 personal contacts to go to Charity School.	Kiva website promotes Charity School with embed code that we provide.	Fundraiser Fred hosts Charity School "viewing party" at office with colleagues.

Our indirect techniques are based on more conventional marketing practices, like content marketing, advertising, PR, and social media:

Figure 6: Market Adoption (Conventional)				
	Inbound Marketing	Advertising	Influencers	Earned Media
Description	Helpful, informative content attracts new users.	Paid advertising attracts new users.	Popular influencers drive new users to us.	News and articles attract new users.
Target Persona	Donor Dave, Volunteer Vicky, College Caroline	Fundraiser Fred, Donor Dave, Volunteer Vicky	Millennial Marie, Volunteer Vicky, College Caroline	Fundraiser Fred, Volunteer Vicky, Donor Dave
Explanation	Content will attract and convert new users by providing helpful information about charity.	Targeted ads will attract and convert new users by offering solutions to persona challenges.	Influencers will direct their followers to Charity School to share a valuable resource.	Charity School will be cited as an authority in media content that covers charity work.
Value Offered to Persona	Answers questions, provides good information.	Answers questions, addresses their challenges.	Answers questions, feels trendy in going to Charity School.	Answers questions, offers a more thoughtful perspective.
Necessary Staff Competencies	Writing Video SEO	Copy Writing Design Ad Placement	Building Partnerships Social Media	Media PR
Cost of Acquiring User	Medium	High	Low	Low
Example	Donor Dave downloads an e-book that teaches him to research charities.	Volunteer Vicky visits Charity School after a radio spot catches her attention.	Bill Gates and Nicholas Kristof Tweet about Charity School.	Boston Globe links to Charity School in their next article about a popular local charity.

By taking this targeted approach to market adoption, we'll ensure that Charity School grows quickly and affordably.

Key Performance Indicators

Our long-term goals are systemic in nature, which means it'll take some time until they're fully achieved. Nevertheless, we're committed to measuring our impact and tracking our progress, so we've carefully selected the following KPI's to measure on a month-by-month basis:

Figure 7: Key Performance Indicators					
	Number of Graduates	Pre- and Post-Surveys	Contacts Recruited per User	Number of Influencers	Google Ranking
Description	Number of users who complete Charity School	Pre- and post-surveys will be administered to track impact	Number of contacts driven to Charity School by each user will be closely tracked	Influencers who complete Charity School (philanthropists, journalists, celebrities)	Our Google search ranking for the term "charity"
Goal	10 million graduates	95% became more informed about charity 95% signed petition to end "overhead myth"	10 contacts recruited per user	10% penetration of each influencer group	become #1 hit in Google search results
Time	by 2020	ongoing	ongoing	by 2019	by 2018
Measured Through	Automatically tracked in Charity School platform	Automatically tracked in Charity School platform	Automatically tracked in Charity School platform	Create target list, manually track progress	Google search
Value	Each graduate will strengthen our movement for change. The bigger our user base, the faster we can fix our broken system.	If users feel more informed and connected to our larger purpose, they'll want to contribute to this movement.	If users recruit personal contacts to go to Charity School, we'll grow faster and empower our users to build this movement.	Influencers can promote Charity School to their extensive networks of followers. This means faster growth.	A top Google ranking means we'll be the top authority for all organic traffic. This will create more informed donors and volunteers.
Questions We'll Ask If Numbers Are Low	Which market adoption techniques have traction?	Do users see the value of our message? How can we improve our content?	Do users feel inspired to act on our behalf? Do they have enough staff support?	How can we build credibility? Who can we leverage our existing network?	How can we increase inbound links? How can we extend reach of content?

With a disciplined focus on these KPI's, we'll understand whether our content needs to be improved, how users are engaging with the content, and the degree to which users need staff support to become effective Charity School promoters.

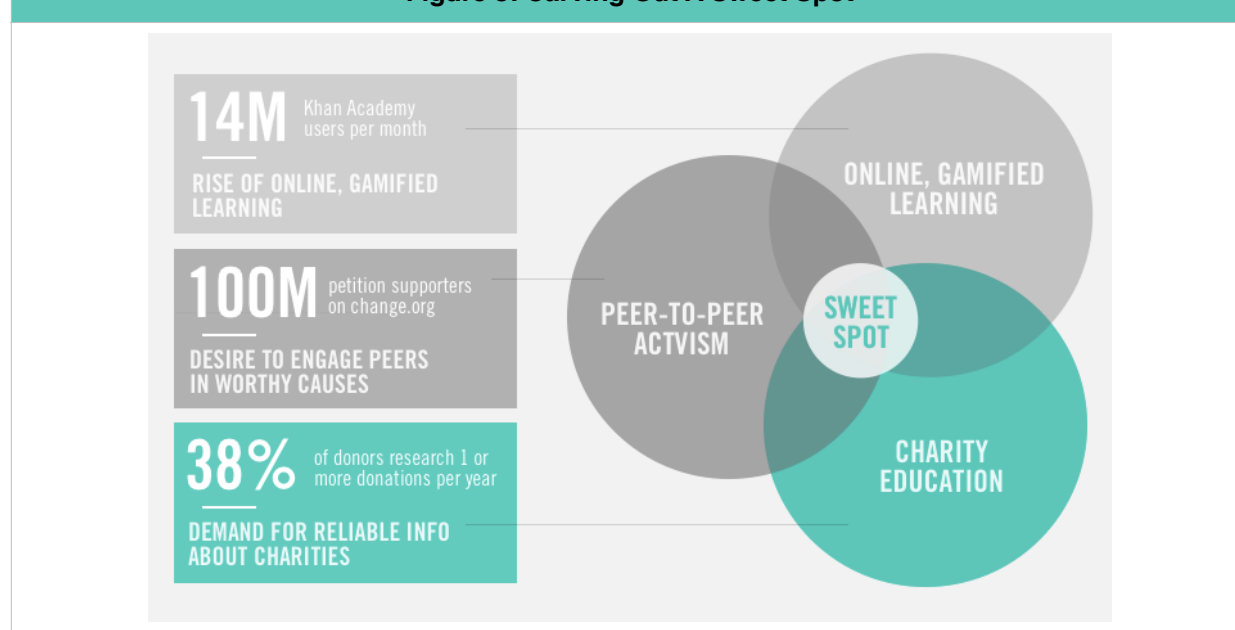
Market Validation

Our founder Dan Pallotta's 2013 TED Talk "The Way We Think About Charity Is Dead Wrong" proved that people were energized by this new perspective on charity. Dan's Talk recently exceeded 4 million views, making it one of TED's most popular talks. In the wake of this response, Dan founded the Charity Defense Council and compiled a stellar advisory board that includes some of the most innovative and accomplished individuals in the history of charity. During this time, he raised a total of \$395K from individuals and other charities to hire Jason Lynch, the Charity Defense Council's first full-time staff member, in March 2016. The popularity of Dan's Talk and the response from the charity community told us we were on to something.

But, we still needed a viable way to shift the charity paradigm. Our initial approach consisted of 4 activities: advertising, anti-defamation, legal defense, and grassroots organizing. However, in testing these approaches, we learned that they were an uphill battle. Advertising was expensive and failed to educate the public in a meaningful way; our anti-defamation work was unable to reverse the damage of sensationalized media stories; legal defense was technical, slow, and expensive; and grassroots organizing needed a more tangible action to mobilize people. Surveys with our existing supporters showed that people needed a better way to educate their contacts about charity, which made us realize that an education-based approach might give us better traction. So, we reevaluated our approach and Charity School was born.

The Charity School idea was largely inspired by 3 current trends: (1) a demand for reliable information about charities, (2) a desire to engage peers in worthy causes, and (3) the rise of online, gamified learning. We believe Charity School carves out a unique sweet spot at the intersection of these 3 trends:

Figure 8: Carving Out A Sweet Spot

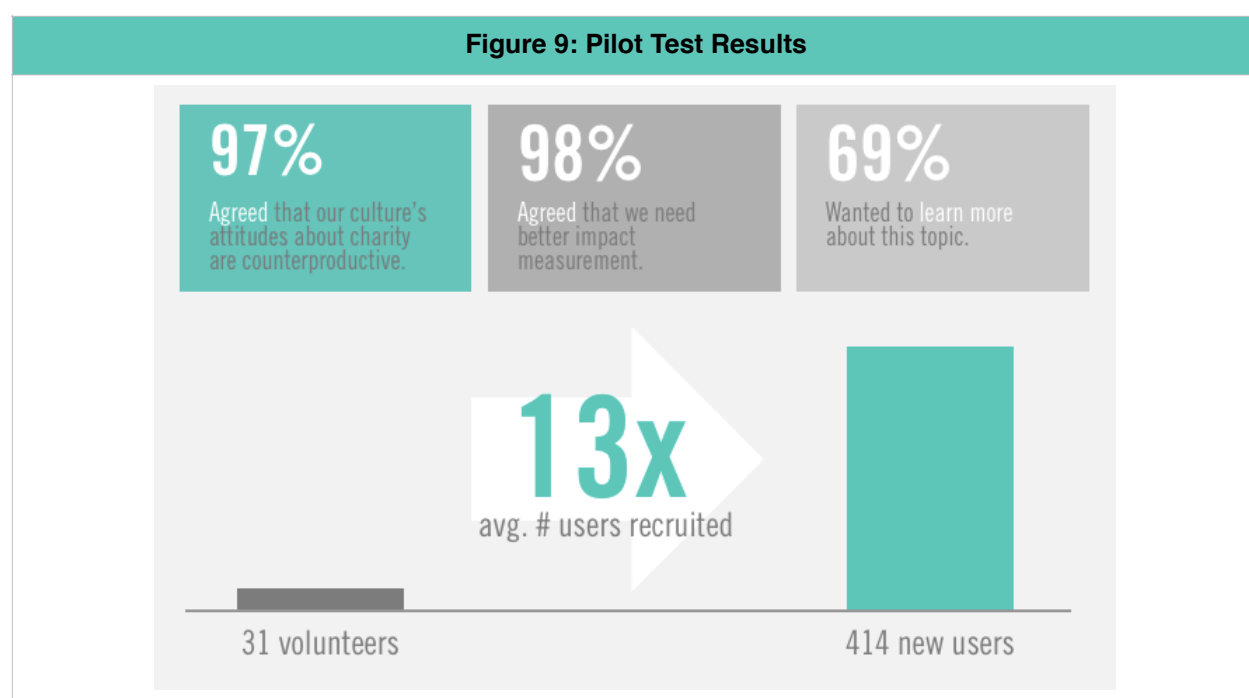


Given the need in the market and our team's expertise, we saw an exciting opportunity in Charity School. We quickly formed a team of volunteers and started testing the concept. We asked volunteers to watch Dan's TED Talk, respond to a short survey, and challenge their personal contacts to do the same. We wanted to see whether:

- A short, compelling video could change a viewer's way of thinking
- Volunteers would educate their personal contacts

We believed we could apply the principles of peer-to-peer activism to our cause, whereby supporters promoted Charity School on our behalf.

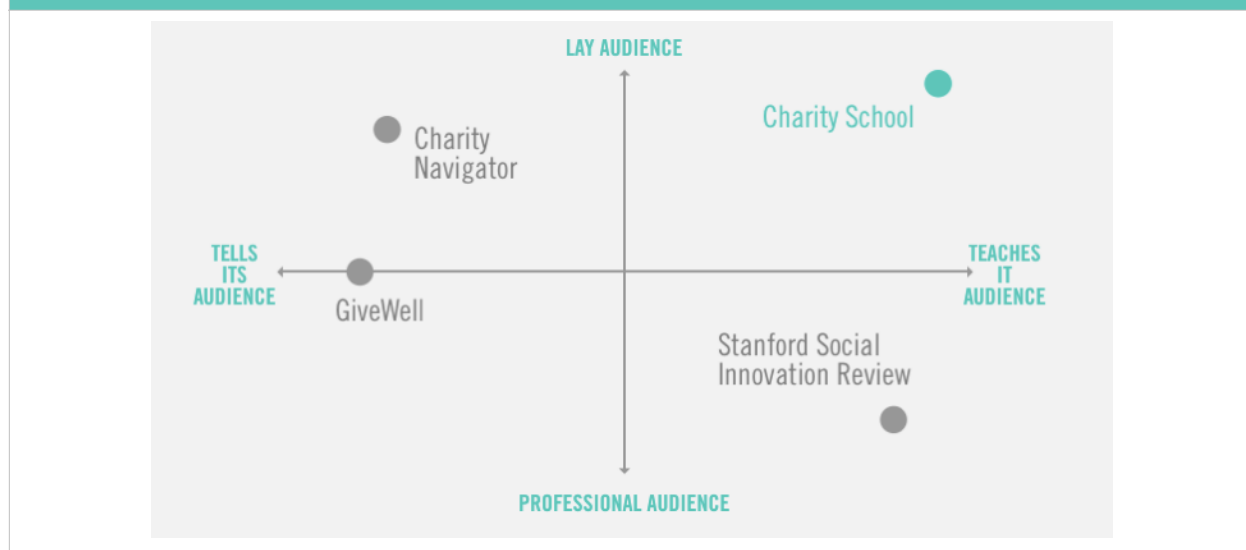
The results were a huge success. Our volunteers recruited hundreds of their peers and our message was fully embraced:



Between this external market validation and our internal pilot test success, our team is confident that Charity School is the solution the charity sector's been missing. By informing the donating public and connecting them to our larger purpose, Charity School will finally end the "overhead myth," shift the charity paradigm, and help charities maximize their full potential.

Landscape

There are a number of groups in the charity world that help individuals make decisions about charity. However, the majority of these efforts either educate a professional audience (i.e., those working at charities) or use charity ratings to tell donors where to donate. Efforts to educate professionals are important, but they "preach to the choir" and fail to effect any change in the giving behavior of the donating public. Efforts to direct giving decisions are ineffective, because they're simply telling donors where to give; they make no effort to educate or inform donors and the charity ratings provided often reinforce the "overhead myth":

Figure 10: Landscape

On the other hand, Charity School aims to meaningfully educate a lay audience. Put simply, we'll digest the best thought leadership in the sector and make it accessible and interesting to the general public. This approach will lay the groundwork for a more informed civil society and a movement for change.

When it comes to educating the public, other resources are available but they have no capacity for building a database of supporters or starting a movement. Therefore, Charity School is the only solution that's specifically designed for shifting the paradigm.

Figure 11: Value Comparison

	CHARITY SCHOOL	TED	BOOKS	VIDEOS
captures contact info	•			
tracks impact	•			
provides action steps for effecting change	•			
built specifically for peer-to-peer sharing	•			
highly scalable	•	•		•
relatively short time commitment	•	•		•
world-class content	•	•	•	

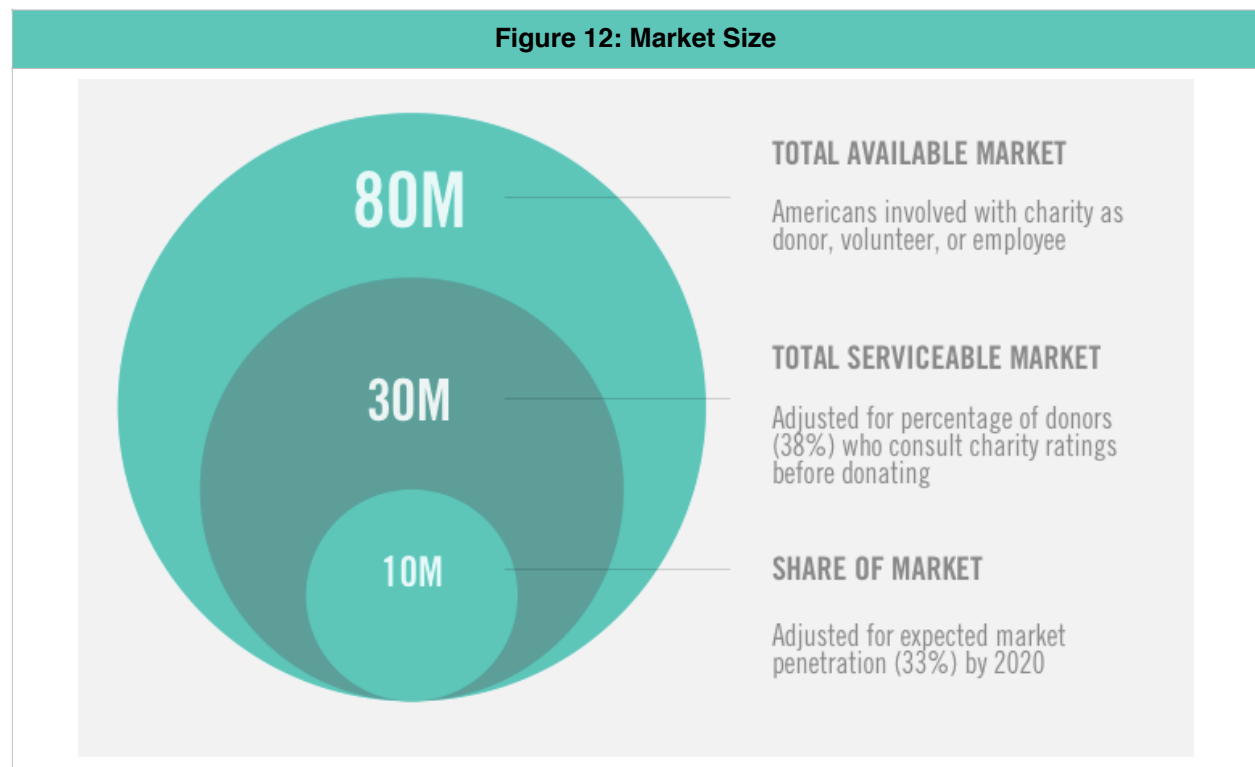
Market Size

There are over 1.5 million registered charities in the United States with over \$350 billion donated each year. Of this total pool of contributions, over 70% are made by individuals. Each year, approximately 64 million individuals volunteer their time and 2/3 of households donate to charity. Over 10 million individuals are employed in the nonprofit sector. This means that our robust charity sector is fueled primarily by individuals, not large foundations or wealthy philanthropists. These figures underscore the importance of having an informed civil society and a grassroots approach to educating the donating public. Without a properly informed civil society, charity is bound to underperform.

For Charity School, we estimate that our Total Available Market is approximately 80 million Americans. This includes individuals who are involved with charity as employees (approximately 10 million), donors (at least 77 million), and volunteers (approximately 64 million). To be conservative, we assume that these groups are not mutually exclusive and that many of these individuals are double-counted (e.g., many donors are also counted as volunteers). Thus, 80 million is our conservative estimate for the number of unique individuals involved with charity.

For our Total Serviceable Market, we assumed that, despite their involvement, some individuals will be uninterested in learning about charity through Charity School. To settle on a reliable estimate, we looked to the number of donors currently researching at least 1 donation per year (about 38% of donors).

Finally, out of this Total Serviceable Market, we're aiming to achieve a 33% penetration rate by 2020. We realize this is a fairly aggressive rate, but we believe we need to hit these sorts of numbers to truly create a paradigm shift:



Financials

To launch Charity School, we anticipate 3 major rounds of fundraising. To be mindful of funders' resources, we'll advance to subsequent rounds only after hitting a Key Milestone:

Figure 13: Phases of Fundraising			
	Phase 1: Launch	Phase 2: Refine	Phase 3: Expand
Amount	\$500K	\$2M	\$5M
Raised By	February 2017	July 2017	January 2018
Used For	Video Content Platform Development Advertising/Marketing <u>Staff</u> : Content Marketer	Advertising/Marketing <u>Staff</u> : Account Reps, Supervisor, Fundraising, Content Marketers, Accounting, PR/Advertising	Advertising/Marketing <u>Staff</u> : Account Reps, Supervisors, Directors, Graphic Designers, Accounting, Content Marketers
Purpose	Our first order of business is to develop Charity School's video content and web platform. We expect this process to take 3-4 months. Once Charity School is live, we'll beta test the platform for 2-3 months and make any necessary adjustments.	Once Charity School has been beta tested, we'll turn to market adoption in the Boston area. We'll use a campaign-style approach to attract users and flood the Boston market. We'll carefully monitor this process and apply key learnings to subsequent markets.	Driven by key learnings from the Boston market, we'll turn our energy toward nationwide expansion in the following target markets: New York, Seattle, San Francisco, Austin, Denver, Atlanta.
Timeframe	January 2017 to June 2017	July 2017 to December 2017	January 2018 to December 2018
Key Milestone to Advance	Successfully Launch Charity School	Reach 150K graduates	N/A

After successfully raising these rounds of funds, we'll hit our steady state and be able to cover all operating expenses through recurring monthly donations from Charity School users.

Through user segmentation, automated workflows, staff outreach, and relationship building, we'll aim to convert at least 5% to 10% of Charity School users into recurring monthly donors. Our recurring monthly donation levels will be \$9/month, \$19/month, and \$49/month. For our projections, we've used conservative estimates: 5% user-to-donor conversion rate, \$9/month average gift size, and 6 month average length of recurring donations. Our financial model can be easily stress-tested and adjusted as we get more accurate information about Charity School adoption, usage, donations, churn rates, etc. As we grow, recurring monthly donations will become our most reliable and consistent source of revenue:

Figure 14: Projected User Revenue				
	2017	2018	2019	2020
Total Users	150,000	2,000,000	6,000,000	10,000,000
% Of Users Who Become Donors	5%	5%	5%	5%
Number of Donors	7,500	100,000	300,000	500,000
Avg. Donation/Month	\$9	\$9	\$9	\$9
Length of Recurring Donations (in Months)	6	6	6	6
Avg. Donated per Year	\$54	\$54	\$54	\$54
Total Revenue	\$405,000	\$5,400,000	\$16,200,000	\$27,000,000

To drive our aggressive growth plan, we'll regularly pursue major gifts and foundation funding to further penetrate target markets. These fundraising campaigns will be meant to "pour gasoline on the fire" and drive significant market adoption in target cities through marketing, advertising, and grassroots organizing. To maintain a financially sustainable adoption plan, we'll carefully track the Lifetime Value of a User and the Cost of Acquiring a User. For example, if we learn that the Lifetime Value of a User is \$8 (including donors and non-donors), we'll make sure that our Cost of Acquiring a User never exceeds \$8. This disciplined approach will ensure that our marketing dollars are well-spent and that they contribute to the net growth of Charity School.

Overall, we'll maintain relatively low fixed expenses. At steady state, we're projecting under 200 staff members and under \$11 million in staff expenses. Because Charity School's success is so dependent on market adoption, our biggest expenses will always be variable expenses in advertising and marketing.

Figure 15: Total Staff Expenses				
	2017*	2018	2019	2020
Total Staff	12	38	115	177
Avg. Salary	\$75,667	\$58,421	\$49,774	\$48,158
Total Wages	\$454,000	\$2,220,000	\$5,724,000	\$8,524,000
Total Fringe	\$117,350	\$582,250	\$1,512,800	\$2,256,850
Total Travel	\$10,150	\$34,750	\$65,000	\$90,250
Total Staff Expenses	\$581,500	\$2,837,000	\$7,301,800	\$10,871,100

* Staff will be hired in the second half of 2017, so 2017 expenses represent 6 months worth of wages, fringe, travel.

Because of our grassroots market adoption strategy, we'll be able to acquire new users without having to hire a tremendous number of staff. This paves the way for a low-cost business model that's driven largely by the recruiting efforts of our users.

Operations

In our Launch Phase, we'll be working with key partners and contractors to develop the 3 main components of Charity School: Curriculum, Video, and Platform. To work with the most qualified partners and avoid unnecessary fixed costs, we've made a strategic decision to contract this one-time development work:

Figure 16: Developing Charity School			
	Curriculum	Video	Platform
Description	Curriculum will be carefully curated by experts in the field. We'll decide on the fundamental topics that should be mastered and we'll ensure that all content is engaging and accessible for a lay audience. The majority of this content will be developed by our staff and Advisory Board. However, we'll also solicit feedback and expertise from industry partners.	There's no shortage of thought leadership about charity, but the content that's available is too technical for the public. Our messaging will be tailored to donors and volunteers to ensure that our curriculum is both informative and engaging. Our partner Broomstick Engine will apply all the best practices in e-learning, storytelling, and movement-building.	Without a platform that's optimized for peer-to-peer activism and mobilizing users, Charity School will fail to have the transformative impact we're seeking. Therefore, our platform is a crucial part of our movement-building strategy. Our partner Fifty&Fifty will apply all the best practices in gamification, sharing, and online activism.
Partners	Advisory Board The Bridgespan Group Ford Foundation	Jason Russell Broomstick Engine broomstickengine.com	Javan Van Gronigen Fifty&Fifty fiftyandfifty.org
Qualifications	Our Advisory Board includes some of the most accomplished leaders in charity. The Bridgespan Group has done some of the sector's best research on overhead and effectiveness. Guidestar has organized the sector around these issues. And, the Ford Foundation has been an important voice in the foundation community.	Video will be recorded and scripted by Jason Russell, Co-Founder and Chief Creative Officer of Invisible Children. Jason directed and starred in Invisible Children's KONY 2012 campaign, which was viewed more than 100 million times in 6 days. TIME called it the most viral video in the history of the internet.	Platform development will be led by Javan Van Gronigen, who designed the web strategy for Invisible Children's groundbreaking KONY 2012 campaign. Javan's company Fifty&Fifty has the technical expertise to build the platform and a world-class talent for building social movements with the help of technology.
Cost	Free	\$150K	\$150K

After Charity School is launched, we'll begin to build our team in the Boston area. By 2020, we're anticipating just 10 different staff roles. As Charity School achieves scale, the vast majority

of our staff will be User Engagement Reps, who maintain a high-touch approach with users. Reps will bring users into the movement, build and maintain relationships, and encourage users to engage in our grassroots activism opportunities. This engagement will be absolutely crucial to our business model and central to the success of Charity School. As our operations expand, User Engagement Supervisors and Directors will be hired to oversee teams of Reps and keep our engagement process focused and organized. Our remaining staff roles will support Charity School through fundraising, marketing, and operations:

Figure 17: Staff Roles					
	Main Responsibilities	2017	2018	2019	2020
Chief Executive Officer	Oversees fundraising, partnerships, community relations, and strategic vision.	1	1	1	1
Chief Mobilization Officer	Oversees strategy, execution for converting our user base into a movement for change.	1	1	1	1
Head of Fundraising	Oversees foundation relations, major gifts.	1	1	1	1
Head of PR/Advertising	Oversees all media relations, advertising.	1	1	1	1
User Engagement Rep	Builds relationships with users and engages them in grassroots activism opportunities.	4	24	91	146
User Engagement Supervisor	Supervises team of Reps to ensure high engagement rates.	1	4	10	15
User Engagement Director	Oversees Supervisor and team of Reps to ensure high engagement rates.	0	1	2	3
Accounting	Keeps financial records, tracks cashflows, produces financial statements.	1	1	2	2
Graphic Designer	Designs content to support marketing and user engagement.	0	1	2	2
Content Marketer	Develops content (blogs, ebooks, video) that supports SEO and inbound marketing.	2	3	4	5
Total Staff		12	38	115	177

Because we're aiming for a sizable Charity School user base, segmentation will be key to our user engagement strategy. Rather than attempting a high-touch approach with all Charity School users, we'll use HubSpot analytics to collect data that helps us identify the most high-impact user profiles (i.e., those who are most likely to drive our grassroots organizing efforts). We'll operate under the assumption of the 80/20 rule, which states that 80% of the results come from 20% of the causes; in our case, this means that 20% of users will drive 80% of our engagement at the grassroots level. This 80/20 approach will ensure that we have the biggest possible impact with the leanest possible staffing structure. Over time, our segmentation approach will collect the following data on all users:

Figure 18: User Segmentation	
Property	Description
Age	under 19, 20-29, 30-39, 40-49, 50-59, 60-69, 70+
Interest	Reason for Using Charity School
Source	Organic Search, Inbound Links, Social Media, Direct Traffic, Advertising, Other Campaigns, Recruited by Another User
Function	Management, Fundraising, Programs, Finance, HR, IT
Role	Charity Staff, Charity Executive, Board Member, Donor, Volunteer, Consultant, Media, Foundation Staff, Elected Official
Title	Professional Title of User
Organization	Organization Where User is Employed
Annual Revenue	<\$1M, \$1M-\$5M, \$5M-\$10M, \$10M-\$25M, \$25M-\$50M, \$50M-\$100M, \$100M+
Number of Staff	<10, 10-24, 25-49, 50-99, 100-249, 250+
Content Engagement	# emails opened, # links clicked, # content downloads, website visits, blog visits, social media engagement
Survey Results	Responses to Charity School Pre- and Post-Surveys
Monthly Donor	Yes or No
Recruitment Goal	Goal for # New Users Recruited to Charity School

As we grow, we'll get better and better at identifying the 20% of Charity School users who make up our base of "super users." For example, based on the demographic data we collect, we might find that a particular user profile recruits 30x more users to Charity School than a typical user. Armed with this information, our User Engagement Reps would then prioritize these high-potential users and communicate with them in a more proactive, high-touch manner. Whereas all users will receive lead nurturing emails, only certain user profiles will receive personalized coaching and phone calls from our staff. This will help us recruit the greatest number of Charity School users and convert higher numbers of recurring monthly donors.

By collecting user data and carefully monitoring engagement rates, we'll be able to refine our user engagement process and maximize the return on staff outreach. This is one of the most valuable aspects of the Charity School platform, ultimately ensuring that we hire the optimal number of staff members.

Risks

There are a number of risks that could cause Charity School to come up short. Indeed, fundamentally altering public opinion is a massive undertaking. But, the costs of a broken approach to charity are severe; for the sake of social change, this is a risk we must take.

In gaining significant traction with Charity School, we anticipate 4 primary risks. The following table summarizes these risks and the steps we'll take to mitigate the risk of failure:

Figure 19: Risks		
Risk	Description	Steps to Mitigate Risk
Users might not see the value in reforming the charity system.	Our approach depends on users wanting to fix the problems in the charity system. But, the public doesn't understand that these problems exist; they might see no reason for change.	Ground our videos in credible research. Incorporate feedback from target users as we develop video content. Demonstrate the value added for key user personas.
Users might see our motivations as opportunistic or self-serving.	Our success is contingent upon users trusting our credibility and motivations. But, users might think our team is in this for our own benefit; that would harm our sense of purpose.	Get endorsements from credible partners who have nothing to gain from this paradigm shift. Always link value back to social impact and charity beneficiaries.
Users might not be enthusiastic about grassroots organizing.	Our market adoption strategy relies heavily on a high level of user engagement. However, users might go to Charity School, but have no interest in educating their personal contacts.	Create easy, engaging ways to organize people. Use high-touch staff approach that builds relationships. Show appreciation, communicate tangible value of organizing.
Progress might be too slow to sustain user engagement.	Our approach requires a sense of urgency and purpose. But, changing a large system is slow, tedious work; if we can't achieve short-term wins, we might lose momentum and support.	Create attainable short-term goals, regularly show progress toward goals. Show appreciation, showcase the impact of our base of supporters.

To shift the charity paradigm, we're certainly expecting a long, difficult journey. We understand that there are a number of risks that might undermine our effort — some that we're anticipating and others that we cannot possibly predict until they're upon us.

At all times, we'll do our best to mitigate risks and avoid predictable pitfalls; and, regardless of the hurdles we encounter, we'll move forward with a bold, optimistic approach and a firm commitment to helping charities maximize their profound potential.

Team





Figure 20: Leadership Team			
	Name	Title	Bio
	Dan Pallotta	Chief Executive Officer	Dan invented the multi-day charitable event industry in the 1990's. In just 9 years, his company mobilized 182,000 participants and raised \$582 million for charity. His 2013 TED Talk "The Way We Think About Charity Is Dead Wrong" has been viewed more than 4 million times.
	Jason Lynch	Chief Mobilization Officer	Jason created the vision for Charity School. Before that, he earned his MBA at Brandeis University and was recognized as a top fundraiser in the Alzheimer's Association's 81-chapter network.
	Jason Russell	Lead, Videography	Jason founded Invisible Children. He directed the groundbreaking documentary featured in the KONY 2012 campaign, which was viewed more than 100 million times in just 6 days.
	Javan Van Gronigen	Lead, Technology	Javan developed the brilliant web strategy behind the KONY 2012 campaign, which saw more than 6 million unique web users in just 3 days.

Figure 21: Advisory Board



Pierre Ferrari
President and CEO
Heifer International



Susan Barrows Libby
Director of Partnerships
Philanthropy University



Steve Nardizzi
Former CEO
Wounded Warrior Project



Jerr Boschee
Past President
Social Enterprise Alliance



Tom Callinan
Board Member
Social Venture Partners



Peter Diamandis
Chairman and CEO
XPrize Foundation



Matt Flannery
Co-Founder and CEO
Kiva



Jim Gibbons
President and CEO
Goodwill Industries



Darrel Hammond
Founder and Former CEO
KaBoom!



William Magee
Co-Founder and CEO
Operation Smile



Perla Ni
CEO
GreatNonprofits



Jason Russell
Co-Founder and CCO
Invisible Children

			
<p>Billy Shore Founder Share Our Strength</p>	<p>Roxanne Spillett Immediate Past President Boys & Girls Clubs</p>	<p>Art Taylor President and CEO BBB Wise Giving Alliance</p>	<p>Mark Tercek President and CEO The Nature Conservancy</p>
			
<p>Eric Walker CFO Population Council</p>	<p>Jim Bildner Managing Partner DRK Foundation</p>	<p>Kevin Murphy President Berks County Foundation</p>	<p>Peter Lewis CEO Institute of Fundraising UK</p>
			
<p>Bruce MacDonald President and CEO Imagine Canada</p>	<p>Kyla Shawyer CEO Resource Alliance UK</p>		

Appendix

