

Masters of Scale Episode Transcript – Charles Best

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STEPHEN COLBERT: Microphone recorder, mic stand base. Okay. Here we go.

REID HOFFMAN: Stephen Colbert is the kind of guy who always has a goal. Currently, his goal is to set up the microphone we sent him for our interview. It arrives in a serious-looking pelican case.

COLBERT: It looks like I've just been given the nuclear football.

HOFFMAN: Although daunting for some, Stephen is now accustomed to being his own production team, thanks to 3 months of filming at home during quarantine.

COLBERT: It looks like that goes in there.

HOFFMAN: He also knows that to achieve any goal, you have to start somewhere. In this case, start screwing in the mic stand...

COLBERT: There you go. That's it? Woo!

HOFFMAN: Almost there...

COLBERT: Reading and are we rolling? Yeah. Six, seven, eight. And... magic.

HOFFMAN: Sound quality now higher than your average Zoom call. Goal: achieved.

COLBERT: Look at that. Put me in, coach.

HOFFMAN: But that was nothing compared to the goal Stephen took in 2007, possibly the most daunting goal there is. He ran for president of the United States.

COLBERT: I believe the first reason I decided to run was because I showed up in a poll. And in the poll I was beating Joe Biden.

HOFFMAN: At the time, Stephen wasn't the host of a late-night talk show. He was the fake host of a fake talk show, as he reminds us.

COLBERT: Well, of course my character immediately sees that if he's on the political map, I mean, listen, he didn't choose this path. Destiny chose him – and a polling company. And therefore, who am I to deny the American people, 2.5% of whom think I

should be president of the United States. Well, let's respond to the call of a troubled nation.

HOFFMAN: But a goal of this size is bound to have setbacks.

COLBERT: Now the network was not thrilled. They're like, "No, look, you can't run for president." I'm like, "Well, we're running for president. We're 100% in. Stop me."

The Viacom lawyer said, "Well, look. Ultimately, we're not going to allow you to run for president."

HOFFMAN: Stephen Colbert was not about to be deterred by a bunch of TV lawyers.

COLBERT: And I'm like, "Oh, so I'm canceled? Is that what you're saying? Because I'm running for president. Because you don't know anything about comedians if you think that you're going to stop me from doing something because you don't think I should." But I said at a high volume and there might've been a few salty words in there.

HOFFMAN: Game on.

COLBERT: We do it. We decide to run.

HOFFMAN: Of course, Stephen's actual goal was not to be elected but to satirize the election process.

COLBERT: I was very interested in corporate money in politics. So what I wanted to do was I wanted to run for president and to be fully sponsored by a corporation.

HOFFMAN: Next goal: find a sponsor willing to play along.

COLBERT: We wanted to be the "Nacho Cheese Doritos Stephen Colbert Campaign for President." And it turned out there was some legal problems there.

HOFFMAN: To overcome this problem, Stephen would fight fiery chips with fiery chips. His legal team found a loophole. Instead of Doritos sponsoring his candidacy, they would sponsor his coverage... of his own candidacy.

COLBERT: And it became the "Nacho Cheese Dorito Coverage of the Stephen Colbert Run for President, with your host, Stephen Colbert."

HOFFMAN: Goal: achieved. Colbert's run for president was off to the races in South Carolina.

COLBERT: I hold a rally and I'm shaking hands. I'm doing all the things you do. I've got my little campaign team and the car running around. I'm pressing the flesh with local leaders. And people want to give me money.

HOFFMAN: Stephen launched his parody campaign to shine a light on money in politics. Now real voters wanted to give him real money. Which was... a problem.

COLBERT: And the one thing that our lawyers are saying, "Don't take more than \$5,000 from anyone. No, you can't take – because then you're a federal election and then you will get in trouble. You. You personally."

I'm like, "Well, I don't want that. I don't mind Viacom getting in trouble, but I'm important."

HOFFMAN: Stephen had a challenge. And he was presented with a solution to this problem. Enter the founder of Craigslist.

COLBERT: Craig Newmark comes on the show and he said he'd like to make a donation to the campaign. We said, "No, no, no, you can't. You can't give me any money." And he goes, "Oh no, no, not to you. I'd like to give it to an organization called DonorsChoose."

HOFFMAN: DonorsChoose. A non-profit that connects donors with local classrooms in need of supplies for students all over the country. And Craig Newmark was a board member.

COLBERT: "I thought perhaps people could make donations to DonorsChoose in your name. And that would be a way of them showing their support without running afoul of federal guidelines."

I'm like, "That's pretty great."

HOFFMAN: It was a neat solution to a vexing challenge. Goal: achieved. But DonorsChoose founder Charles Best took the idea to the next level.

CHARLES BEST: We came up with an idea for a philanthropic presidential straw poll where there would be a page dedicated to each presidential candidate filled with classroom project requests reflecting their background, and you could give to a project on your favorite candidate's page, in what we called a straw poll that makes a difference.

We pitched it to Stephen saying, "This could be your way to engage your followers and viewers and ensure that their money is actually being put to great use."

HOFFMAN: Colbert won that straw poll. But the real winners were the public schools of South Carolina. Stephen's on-air promotion drove huge donations. So Stephen was meeting goal after goal in his quest to run for President. But there was trouble ahead.

COLBERT: I mean, I had to drop out. I had to drop out eventually because the Democrats would not let me on the ballot.

HOFFMAN: This was a tough blow. And Stephen felt it.

COLBERT: I couldn't sleep the night before they were voting. I was up all night going, "Well, every one is raised in America with the idea that any child could grow up and be president of the United States – but not you, Stephen Colbert. The Democrats won't let you on the ballot." And I know it was just a joke, but it still felt bad.

HOFFMAN: It was a serious setback. But you'll recall that Stephen's actual goal wasn't to get elected. It was to shed light on the electoral process and how it moves money. For this, Stephen was still in the game, with DonorsChoose at his side.

Meanwhile, back on the ACTUAL campaign trail, things were heating up. A young Senator named Barack Obama had come out of nowhere and was neck and neck with the legendary Hillary Clinton.

COLBERT: "Pennsylvania was going to settle it." That was going to be the big thing. "Pennsylvania is going to settle it." It didn't, of course.

HOFFMAN: Stephen understood the platform that he had, and he leveraged it to achieve his new goal. Use his political momentum to get money in the hands of the classrooms that needed it.

COLBERT: We took the show to Philadelphia and we had people donate to DonorsChoose either in the name of Barack Obama or Hillary Clinton.

HOFFMAN: And the donations poured in. Thousands of people donated to Philadelphia classrooms, and hundreds of thousands of dollars were raised. A fake campaign with real results for DonorsChoose.

And it's worth pausing just a moment to ask why Stephen said "yes" to Charles in the first place. Yes, Charles solved the problem of campaign donations. And yes, Stephen is a generous soul. But Stephen says there was also something else...

COLBERT: They were engaging in this satirical benign game. They became players in the scene. And what I was doing was a scene with the audience and the audience is the other player and they wanted to improvise with me.

And so the audience donating to my campaign was accepting my initiation and then “yes and”-ing it. And then I had to deal with their initiation, which was actual cash. And then Charles and DonorsChoose comes in to say, “Hey, here's our acceptance of your audience's initiation. We're going to add this to the scene.”

What I loved about them was their understanding of how they could engage in it in a positive way that had real impact in the world, yet lived in the fantasy world of the character. Their playfulness was actually an excellent tool to do something good in their mission.

HOFFMAN: Today, Stephen Colbert is on their Board of Directors, and has raised millions of dollars for DonorsChoose. But it started with a single, self-contained success.

I believe the secret to success lies in F-TAGs – finite, tidy, achievable goals – if you leverage each small win into the next and the next and the next.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe the secret to success lies in F-TAGs – finite, tidy, achievable goals – if you leverage each small win into the next and the next and the next.

Here's a riddle for you: What do you get when you cross the Wicked Witch with a bumblebee?
Answer: a B-HAG!

Bad jokes aside, B-HAG also means something else. B-HAG is short for big, hairy, audacious goal. It's a concept Jim Collins introduced in his book *Built to Last*. And business leaders talk about B-HAGs constantly.

There's nothing wrong with setting big, audacious goals – in fact, I encourage it. But setting wildly ambitious long-range objectives doesn't tell you much about how to start. If you set out to climb a mountain, you need to know which boulder to grab first. Hint: It should probably be one you can reach.

On today's episode, we're going to set aside the B-HAGs – the big, hairy, audacious goals – and focus on F-TAGs – finite, tidy, achievable goals.

I wanted to talk to Charles Best about this because, as founder and CEO of the charity DonorsChoose, he knows all about F-TAGs. For 20 years, DonorsChoose has been helping public school teachers get funding and supplies for the classroom. In that time, the organization has grown from funding a handful of projects at a single school in the Bronx, to funding thousands of projects in all 50 states. This spring they raised millions of dollars and counting for

their Coronavirus Relief Fund, providing teachers with “Learn at Home” kits to send to students lacking vital resources.

DonorsChoose was the world’s first online crowdfunding platform, founded years before Kickstarter, Patreon, or Indiegogo. But Charles didn’t set out to make crowdfunding history. He had a more modest goal in mind.

BEST: I wanted my students to read *Little House on the Prairie*, but I only had my own copy and I didn't have any funds to give each of my students the book. So I would go to a Staples that had a 24/7 shop by Union Square in Manhattan at like 5:00 every morning and photocopy that day's section of *Little House on the Prairie* to give to each of my students.

HOFFMAN: Charles was a first-year history teacher at Wings Academy in the Bronx. Lacking a budget for basic supplies was an everyday reality for him and his fellow teachers.

BEST: My colleagues and I were spending a lot of our own money on school supplies. We'd buy copy paper, pencils, poster board, everything we needed to equip our classrooms. But then in the teacher's lunch from, I would find us talking all the time about even more stuff we wanted for our students that we could not continue to go into our own pockets for.

My colleague wanted to take her students on a field trip to the Museum of Modern Art. The art teacher wanted to do a wall-to-wall quilt with her students and she needed fabric and thread and sewing needles.

HOFFMAN: But something about that particular early morning made Charles see things in a different light.

BEST: It was as I was making those photocopies that I thought about all the other resources that my colleagues wanted to give to their students. That field trip, that art project, that science experiment that just needed a microscope that I thought, all right, I'm gonna put pencil to paper and draw out this website where teachers can post classroom requests and donors can choose projects that they want to support.

HOFFMAN: What Charles was talking about was crowdfunding: a system that’s utterly commonplace today – for filmmakers looking to finish a short or founders looking to fund a product.

In the year 2000, this crowdfunding concept was decidedly less mainstream. But it wasn’t entirely new.

BEST: The Statue of Liberty in 1885. Joseph Pulitzer used his newspaper to get like 140,000 people to make small donations to fund the installation of the Statue of Liberty.

HOFFMAN: This is a fascinating piece of history we can take just a moment to revisit:

1885. A disassembled Statue of Liberty sits in New York Harbor. Funds to install the statue have dried up and congress can't agree on a bill to fix it. Enter renowned Newspaper publisher Joseph Pulitzer. He runs ads in his paper the *New York World* asking citizens to chip in. One hundred and sixty thousand people do, with most donations coming in at less than a dollar each.

Of course, We know how that story ends – and we have the statue to prove it. But do you know the story of the first online crowdfunding campaign?

BEST: In 1997 the British rock band Marillion went straight to their fans for online donations to fund a reunion tour.

HOFFMAN: The band was short around \$60,000. Their manager told them they would need to find something else to do. So the band reached out to their email list contacts, all 6,000 of them. They hit their goal, then hit the road. Oh, and they fired their manager. To this day, Marillion is cited as the fathers of online crowdfunding. But they hadn't built a platform to collect donations, which brings us back to Charles.

BEST: And then in 2000 DonorsChoose started. I think it's fair to say it was the first platform dedicated to crowdfunding – if you define that as supporting a project that someone on the front lines has created.

HOFFMAN: The teachers of Wings Academy in the Bronx were certainly on the front lines. Public schools have always been chronically underfunded, especially in lower-income neighborhoods. Schools tend to supplement hollow budgets with things like bake sales or raffles for the parents. But in our poorest communities, that's just shifting the burden to families that are already struggling. Charles wanted a way to reach beyond those families, to people – maybe even strangers – with the means to help.

BEST: It just occurred to me that there were people out there who would help teachers like us if they could see exactly where their money was going. It just kind of made sense.

HOFFMAN: Charles set out to put his idea in motion – which, back in 2000, wasn't as simple as setting up a Wordpress site.

BEST: I knew nothing about programming. And there was a programmer who had recently immigrated from Poland who for \$2,000 was willing to take my pencil and paper drawings and turn them into a super rudimentary website. It was so rudimentary that the

backend was one page and you'd have to scroll down and down and down for like 15 minutes to get to the teacher or project record that you were looking for.

HOFFMAN: Bare-bones website aside, Charles' vision for DonorsChoose was a sort of philanthropic marketplace: Any public teacher can list a class project on the site. But unlike most other crowdfunding platforms, the money donated isn't sent to the school itself. DonorsChoose stays in the equation.

BEST: We vet and authenticate each teacher's project before it's posted to the public site. When the project is funded, we don't give the teacher cash, we purchase the materials and have them delivered to the classroom. Even if it's a field trip, we're paying the museum, we're paying the bus company taking them to the museum.

HOFFMAN: Once received, the teachers and students document themselves using the donated goods. Pictures of kids reading the books, or sewing their quilts, or attending the museum, along with handwritten thank-you's and a full financial report, are then sent to every donor who contributed.

Charles' first great challenge was to build this charitable marketplace from scratch. Which is definitely a B-HAG. But Charles turned this B-HAG into a series of F-TAGs. I asked him about it.

HOFFMAN: You know, a marketplace startup is, you know, it's not one of those things where you build it and people will come. What were some of the secret tips or the grit or the hustle for getting that initial flywheel going?

BEST: I turned to my mom because she made a famous roasted pear dessert. She would do these pears with orange rind and apricot jam and spices and roast them in the oven and the juices would swirl all around and they tasted something delicious. So I asked my mom to make 11 of those roasted pears and then I brought the pears into the teachers' luncheon.

And as my colleagues got ready to pounce, I said, "Hold up, there's a toll. If you eat one of these pears, you have to go to this new website that just got built called DonorsChoose, ask for whatever it is you most want for your students, propose the project that you've always wanted to do with them."

And that sounded like a good enough deal for my colleagues to scarf the 11 pears and then post the first 11 projects on our site.

HOFFMAN: I've spoken before on this show about the importance of [handcrafting your core experience](#), and getting your first interactions right before trying to scale them. That's true in spades for DonorsChoose, the first interactions were so handcrafted, they were almost exclusively sourced from Charles himself.

BEST: My aunt, who's a nurse, she funded the first project. But then there were 10 more projects and I didn't know more donors to fund those, so I funded them myself – which I could afford to do cause I was living at home with my parents and they weren't charging me any rent.

Because I gave to my colleagues projects anonymously, they mistakenly thought that the website actually worked and that there were all these donors just hanging out on the site waiting to fulfill teacher's classroom dreams. And that rumor, that false rumor spread across the Bronx and teachers started posting hundreds of projects.

HOFFMAN: Charles knew he had to get that flywheel turning by any means necessary. Because if your platform doesn't start gaining momentum, your marketplace falls apart. But in this case, it was only gaining momentum on one side.

There weren't actually scores of funders awaiting these projects. So Charles leaned on another part of his tiny ecosystem.

BEST: I was in a really tough spot not knowing what I was going to do and my students came to the rescue. They volunteered every day after school for about three months to spread word to potential donors. They addressed and compiled 2,000 letters to people by hand. We semi-legally got the addresses out of my college and high school alumni directories. What was prohibited was mechanical reproduction, but this was full manual, by hand reproduction. That was going to be my excuse if we were caught.

HOFFMAN: Charles knew exactly how to motivate his students to finish each of those 2,000 F-TAGs.

BEST: They could see the potential of this experiment to enrich their lives at school. I think they also felt really bad for me. We sorted the mail ourselves to get the cheapest postal rates. Every desk in my classroom represented a different part of the country, piled high with envelopes. And then we carted those sorted letters to the post office, crossed our fingers – and it worked.

My students' letters generated \$30,000 in donations from people all over the country. We had simply told them that we had built this website where someone with \$10 could be a classroom hero, and that was enough to get the first donors on the site.

HOFFMAN: As Hail Marys go, this one was well-aimed. Charles had graduated from Yale, and before that from an exclusive private boarding school. His alumni lists were flush with targets that might be in a good position to help.

But more importantly, his outreach strategy made a modest, specific ask. “Give 10 dollars, become a classroom hero!” The letters addressed by real students, in their own real handwriting. Charles and his volunteers were offering a simple, clear step toward feeling like a hero. They could leverage the simplicity of their request to immediate effect. Thirty thousand dollars later, the donor side of the flywheel was up and running. DonorsChoose was on its way.

Charles’ insight had been not only in spotting and harnessing this invisible network of helpers. It was in identifying the hook that would compel them to action. Isolating the needs of the teachers into something simple, tangible, and finite. Each donor played their part in achieving this satisfying F-TAG.

BEST: This is cliched, but I did read that book *Getting Things Done*. I've forgotten everything in it other than if something will take you less than two minutes to accomplish, it doesn't matter if it's high priority, just do it the moment you see it.

HOFFMAN: Charles had finally gotten his momentum! He watched as DonorsChoose grew, incrementally but steadily, from a few schools in the Bronx to classrooms all over the city. Then came September 11th. And classrooms in lower Manhattan needed the city’s support.

BEST: Teachers at the public schools beside Ground Zero start posting projects on our site to recover from the attacks on the World Trade Center. There was a high school art teacher in the Bronx who wanted to bring in an artist who had immigrated from Afghanistan so students could meet someone from that country. There was a math teacher whose students’ calculators were sealed at the disaster site.

HOFFMAN: Charles saw that this could be a moment to highlight these classrooms in their time of need. It was time to leverage the power of small goals into a larger movement. He started reaching out to press outlets, to try to get some traction.

BEST: I think I called a hundred reporters. None of them would give me the time of day. One of my first calls was to a *New York Times* reporter. She responded very nicely, but said that we were kind of small potatoes and that if she was ever doing a listing of online charities, which at the time was a new concept, maybe, you know, she'd put us on that list, but we weren't exactly newsworthy.

HOFFMAN: A little disheartened but not discouraged, Charles kept working his way through his media contacts.

BEST: I called up Jonathan Alter, a senior editor at *Newsweek*. I called him first cause his last name started with A and so he showed up first in the alphabetical directory. I called him during my lunch hour and his assistant must have been out to lunch cause he picked up the phone, and he was the first reporter not to hang up on me.

HOFFMAN: Alter wrote up DonorsChoose for *Newsweek*'s website, calling it an experiment that might one day change the face of philanthropy. The *Newsweek* piece was Charles' first big press write-up – and Charles sought to leverage this small win into a bigger one. So he reached out again to that reporter from the *Times*.

BEST: I went back and said, 'Hey, *Newsweek* saw us as newsworthy, at least for their website. So won't you give us a second look?' And then she said, "I wouldn't touch your story with a 10-foot pole, now that another reporter has covered you. *The New York Times* does not follow in the footsteps of other publications." And I felt like a total idiot and I wrote her an email apologizing for being so dumb.

The reporter wrote back saying, you know, you shouldn't feel quite so bad because you never had a chance in the first place, because her editors had asked her to focus on charities responding to 9/11. And that gave me my last opening because I had not told her about the projects related to 9/11.

HOFFMAN: Charles took that opening, and spent the weekend sending her a rundown of projects from classrooms near Ground Zero. He also called and left a voicemail, asking for one last look.

BEST: Monday, I was back at school teaching. I checked email in between periods. The reporter had written back. She wanted to come do an interview for a major feature story in the *New York Times*.

I was so over the moon that I forwarded it to my friend saying, "Guess who said she wouldn't touch our story with a 10-foot pole and now wants an interview?" I beat my chest, I talked all kinds of smack – and then I realized that I had not hit forward. I had hit "reply."

I tried to yank the electrical cord out of the socket to turn off the computer, but it was too late. And I sent that trash-talking email directly to that *New York Times* reporter.

HOFFMAN: Like the mountain climber looking for a boulder to grab onto, just take the next right step.

[AD BREAK]

HOFFMAN: We're back with Charles Best, founder and CEO of DonorsChoose. When we left Charles, he had utterly blown it with a reporter for the *Times*, putting his feature story in jeopardy. He wasn't sure what to do, so he just put one foot in front of the other, and walked himself over to the cupboard where they keep humble pie.

BEST: I sent another email apologizing for being so dumb, again. She took mercy upon me and did proceed to write a feature story saying that DonorsChoose might be the future of philanthropy.

HOFFMAN: Well, it is awesome even in these small crisis moments to see people rise above themselves and rise above ego to say, “Look, your stupid email isn’t what matters here.”

HOFFMAN: Charles’ ability to make amends simply – not to mention that reporter’s understanding – led to DonorsChoose enjoying steady growth after a round of national press. But as they scaled, their high-touch approach proved to be a challenge.

BEST: I think we benefited from not having any other crowdfunding sites to look at because if we did, we would have realized that we were setting out to create a very labor intensive approach to integrity and to transparency.

HOFFMAN: Remember: DonorsChoose buys all the classrooms’ supplies, and so they found themselves shipping them off to schools in farther and farther-flung districts.

BEST: In those early days we sent each teacher a disposable camera to take photographs of the project and action. We sent them a stamped envelope for sending us back the student letters. Early funders heard about this model and thought, “That is insane. That is so labor intensive, inefficient, fundamentally unscalable. You’ll never be able to grow. You should get out of the way and just rely on the honor system and on social networks to grow this community.”

HOFFMAN: But there’s a reason Charles didn’t listen. He knew there was value in building this intense layer of integrity assurance, seemingly scaleable or not. We’ll dig into that guarantee a little more in a moment. But it was that promise of integrity that helped bring DonorsChoose to someone whose endorsement is a scale multiplier all on its own.

In 2003, Oprah had Charles on her show. You can guess what happened next.

BEST: She said our name directly on air. In fact, she went into the green room and she said, “Because you are a teacher, I’m going to make an exception to our normal rules, the normal rules being that people should go to oprah.com and find the link.”

But she said, “I’m not doing that. I’m going to call out your website address directly.” So we just like, melted down. And I think it took us like two hours before we could even stand up a front page. Like you know, our equivalent of a fail whale. But we then started getting phone calls from people all over the country asking if DonorsChoose could expand to public schools in their cities and states. And that’s what got the ball rolling to our expanding beyond New York City.

HOFFMAN: The expansion to other regions marked a massive jump in scale for the organization, which meant all of those handcrafted, high-touch ways DonorsChoose did things would have to find a way to grow as well.

BEST: Much of our quest over our first decade was taking all of those pieces of integrity assurance and enabling donors to see their impact and to make each of them scalable.

We developed an electronic procurement system where teachers go shopping for the stuff they need and where purchasing and invoicing and payment and even items being out of stock all happens via XML or CXML.

HOFFMAN: Using tech to buy project materials was a start, but it was only one part of solving the integrity equation at scale.

BEST: We used to pay college students to vet and review each teacher's project request, which involves doing some basic fact checking, making sure that the teacher's essay aligns with the materials in their shopping cart, and then emailing the teacher followup questions if they haven't explained what students are going to learn.

We don't want the projects on our site to be wish lists of just "the stuff I need this year." We want each request to be a true project, a specific learning experience that needs certain materials to come to life. And so we'll need to send follow-up questions to the teacher to help them stick to that standard.

HOFFMAN: Making sure all listed projects were worthy of DonorsChoose's standards was paramount to maintaining donors' trust. But it's also a challenge to scale. Charles couldn't afford to throw money at the problem.

Once again, Charles looked more closely at the resources he already had and took it one step, or one F-TAG, at a time.

Last time, the answer was using his own students to hand-address letters. This time, the answer lay with teachers.

BEST: We realized wait, probably the most rigorous expert dedicated reviewer would be a teacher who's had like 30 projects funded on our site. So how about when you get more than 20 projects funded on our site as a teacher, we will invite you to volunteer your time to become a teacher screener? We train them and, and there's no one more dedicated to the work than someone doing it out of the goodness of their heart as part of the community. And not only are they more rigorous, they're way faster at doing it.

HOFFMAN: Before we move on, let's also take a moment to highlight something we just heard from Charles.

BEST: We don't want the projects on our site to be wish lists of just "the stuff I need this year." We want each request to be a true project.

HOFFMAN: This attitude embodies what makes DonorsChoose's approach so compelling. It's hard to manifest a sense of growing momentum from crossing off a shopping list. But helping a special project get funded is an excitement generator. It's the heart of what crowdfunding is all about.

But back to the problem at hand: how to scale the process of vetting those projects.

The one area that Charles says DonorsChoose is having a harder time doing that is in one of the most valued, handcrafted aspects of the donor experience: the student thank-you letters.

You'll remember that core to the life cycle of each project is documentation by teachers and students. They take pictures on their field trip, or hatching their butterfly cocoons. They then send those photos, with handwritten thank-yous, to DonorsChoose HQ, where the letters are verified and sent to the donors themselves.

From my own experience as a donor, let me tell you that receiving the Thank You packet from the kids is a pure delight. It's a human, tangible way to close the loop between donors and students. So it wasn't a part of the process they could compromise.

BEST: With photographs, digital photography came along and we were able to just let teachers upload photos of their project instead of walking around with huge sacks like Santa, full of disposable cameras, walking them over to the photo development store. But then honestly those student letters, there has been no digital solution. We just have a group of volunteers who eyeball those letters on their way to donors cause we would never want to give up a donor's home address to the teacher. So those letters need to go through our office and it does look like Santa's workshop with a whole lot of burlap bags full of packages of thank you letters. But that one piece we are able to handle efficiently even though we do so in an old-school way.

HOFFMAN: One small thing you might do is you might have the teacher upload the pictures of the letters because then you could create like a little digital montage. You know you could even have all the kids say "thank you" into the smartphone, right? Like you know, "Hey thank you. Yay." And so forth, with a little montage and you could create a digital thing that way. Still do the physical letters, but you could do that as an add-in that I think might be fun.

BEST: Our CTO and head of product are going to be cheering for you and brandishing this podcast when they hear the words you just said and I suspect we will be building exactly the feature you just outlined...

HOFFMAN: Yes. I suspect you got there anyway, but it was a natural kind of like, Ooh, we have smartphones. The teachers have a smartphone. What can we do to make this more human? Because obviously reducing friction is one of the really important things to get to scale, but people don't realize that increasing the value, the emotional conductivity also creates the ability to scale. Right? And so it isn't just like, okay, how do we take all the friction on? That's important – but also how do we create that emotional touch, that magical moment because obviously is, as you guys are the leaders in, is that magical moment then brings the donor back to do it again.

HOFFMAN: Harnessing this so-called “magical moment” is key to leveraging small wins to tackle big problems. Much like customer outreach is a constant in business, re-enlisting past donors is a constant undertaking in the nonprofit sector. Development directors work hard to find new ways to re-engage their mailing lists. That means from the donors' perspective, it can feel as though the work is never done. There are only so many “URGENT REQUEST” emails you can get before you start tuning them all out.

By contrast, the DonorsChoose classroom campaigns always have an end. And when it's time to re-engage givers, they do it by flagging projects similar to ones they backed before. It frames re-engagement on a case-by-case, “opt-in” basis.

BEST: This school year we'll receive millions of dollars for classroom projects on our site. Roughly half of that will come from what we call citizen philanthropists giving 15 and \$20 at a time to classroom projects that they pick by hand on our website. And another roughly half of that will come from foundation and corporate partners who give to classroom projects on our site at great scale.

But that doesn't mean that they're writing a blank check to DonorsChoose the organization, far from it. It means we're working with a corporate partner on a category of classroom project that reflects their geographic footprint, that reflects what they produce and make, and in ways that will engage consumers or their employees. So for one that could mean a match offer for classroom projects within 10 miles of all 700 of their car dealerships. Or it could mean a match offer for classroom projects seeking robotics equipment, because that's what the company makes.

HOFFMAN: I want you to pay special attention to this insight from Charles. DonorsChoose has built search functionality into their interface that lets donors find projects close to their heart: that's based on subject matter, geographical region, and even teacher name.

BEST: A couple of years ago, our chief financial officer was talking to a colleague about this book he had read called *Drunk Tank Pink* by NYU business school professor Adam Alter. And in that book the author cited research that people are more likely to donate to hurricane relief if the first letter of the hurricane is the same first letter as their own name.

Because we were in an open office, I overheard that conversation and I walked over. And we three as a group, we're like, "What? What does this mean for us?" And we realized, well we've got 4 million donors who have given a classroom projects, we've got more than half a million teachers who've gotten projects funded. They've all got names and maybe we could match them up based on a shared name.

It resulted in a test that we ran on Valentine's day a few years ago where we divided our donors into three randomly assigned groups. One group got a poem saying "Roses are red, violets are blue, we heart this teacher and hope you do too." And underneath that poem was a generically selected classroom project that was urgent but but otherwise generic.

A second poem said, "Roses are red, violets are blue, give to a teacher in a classroom near you." And underneath we would show a classroom project targeted to your IP address or your billing zip code. So we would do what's supposed to be the holy grail of hyperlocal geo-targeting.

But the third poem said, "Roses are red, violets are blue, give to a teacher with the same name as you." And we would show underneath that poem a teacher from a Ms. or Mr. Hoffman and encourage you to check out this project from a teacher who simply shares your last name. And you won't have to guess which poem performed the best.

HOFFMAN: The data was clear: the name matching poem performed three times better than the runner-up, the one based on location.

We could spend an entire follow-up episode diving into the psychology of this insight. But the main point is crystal-clear: personalization matters when it comes to asking people to pitch in and solve problems. Our human need to do good in the world is so, so personal. Finding new ways to leverage that need into collective action has been the secret to DonorsChoose's growth.

From picking projects close to your heart – or your name – to receiving reams of photos and thank-you letters, the act of giving is tangible, personal, and intimate. And when the project is complete, the evidence is right there in your hands. It gives both donor and recipient an almost addictive sense of accomplishment. A box fully checked. An achievement high.

Stephen Colbert experienced that feeling, too.

COLBERT: The whole idea of DonorsChoose puts you and the people who you are helping directly in contact with each other. And I found that very powerful. Those letters from the children, the letters from the teachers made it very real for me. And I didn't want that to end.

In fact, the next year when we took the show to Iraq, Charles said, "Hey, we're actually expanding to military bases. What if we gave money for just very specific military bases?" And we raised half a million dollars for military base projects. And then the year after that when we were doing the rally on The Mall –

HOFFMAN: That was 2010's Rally to Restore Sanity and/or Fear, the sort-of-satirical but also real, rally at the National Mall in Washington D.C. Colbert co-hosted it with Jon Stewart of *The Daily Show*. And it drew around 215,000 people.

COLBERT: People on Reddit saw that we played games with DonorsChoose. And someone from Reddit came to me and said, "Hey, if we raised a half million dollars for DonorsChoose, will you do an Ask Me Anything on Reddit before you go to the rally?" And I literally did the Ask Me Anything on the train down to go to the rally because right before it started, they made it to half a million dollars.

So, what do you want more: A way to play your own game that does something good in the world and makes people happy and feel included in the art that you're creating? It had everything. And a lot of that came from the leadership of the organization that was willing to take a risk on us, because satire has always got a little bit of knife in its hand, but they understood where we were poking it and they were okay.

HOFFMAN: Once more, DonorsChoose saw what goal Stephen needed to accomplish – just as much as Stephen saw what they needed – and they worked to achieve it together.

This approach has proven essential during this spring's unprecedented disruption due to the coronavirus. Avid listeners may remember [I spoke with Charles back in April](#), about what DonorsChoose was doing during the COVID-19 crisis. As stay-at-home orders drove kids of all ages out of schools and into remote learning environments, DonorsChoose had to rethink entirely their mission and work flow.

BEST: It actually represents a pivot from our model. Our model takes several weeks for a teacher's project to get crowdfunded. And when that project is crowdfunded, we only ship materials to a verified school address. So neither of those things are gonna work in this situation.

HOFFMAN: Charles worries that one of the fallouts from the coronavirus is a deepening of the class divide, and thus the performance divide, between richer and poorer students.

BEST: When kids, especially kids in low-income communities, cannot go to school, their home circumstances – the resources available in their homes – are going to define their education. And yet at the same time, those kids' teachers know exactly what those students need to keep learning from home. They know which of their students are experiencing homelessness and need hygiene items or groceries to be able to focus on their schoolwork. They know which of their kindergartners need crayons and construction paper and Magnatiles. They know which of their students need great books to read.

And so what we have been doing as business and government agencies rushed to equip health workers and as food banks ramp up to feed the hungry, we've been in a mad dash to develop a mechanism for public school teachers and high poverty communities to send their students personalized education care packages containing the stuff their kids need to keep learning from home and shipping those directly to students' homes.

HOFFMAN: So far, thousands of teachers have been connected with funding that will go straight to these student "learn from home" kits, a number that will surely be higher by the time this episode airs.

Tackling inequality during a pandemic is a huge undertaking. But DonorsChoose is fighting it in typical style: by zeroing in on a single, manageable problem. They've focused on optimizing their delivery of the basics, knowing that those small care packages will make a huge difference in how successfully kids can learn from home until it's safe to return to school.

We're all hoping that soon, DonorsChoose, like everyone else, can revert to their regular funding models and routines. We're all hoping that we can find our way out of trying and troubling circumstances. In times like these, small steps are sometimes the only ones we can take. So the more finite, tidy, achievable goals we can lay our hands on, the easier it will be to do the right thing. And then the next right thing.

I'm Reid Hoffman. Thank you for listening.