
OFTW funding pitch - July 2019



Executive Summary



- We've continued to have strong growth since our last update in January
 - \$913K in annual donations pledged in the 'pipeline' (335% increase YOY) on less than \$100k expenditure
 - We think this is largely a result of our increased capacity from hiring Evan
- We're proposing moving to a model of 3 full time employees (1 ED + 2 more junior employees) in 2019-2020, and adding a 4th staff for 2020-21
 - Our proposed **annual budget is \$256k in 19-20, \$404k in 20-21 and \$546k in 21-22**
 - **We are requesting a tapered contribution of the total spend from GiveWell for 2019-22: \$627k**
 - Based only on donations from pledges already in the system, and conservatively assuming retention of 65% of donors in the first year and a further 85% in subsequent years, we estimate that our donors will **donate \$341k in 2019-20 and \$442k in 2020-21**. As we recruit more donors and improve retention, we expect our actual leverage to be significantly higher than 1:1.

Retrospective on 2018-19 (update since Jan 19)



Qualitative review

- Chapter management review - [slides prepared by Evan for EC](#), June 2019
 - These give a largely qualitative overview of the successes and weaknesses of chapter management this year, and Evan's plans for next year
 - They also give some indication of what Evan has been doing, why we think it has been successful, any lessons we've learned.
- Organisation and Executive Committee OKRs -
 - [2018-19 OKRs](#) and final scores
 - [H2 2019 OKRs](#)

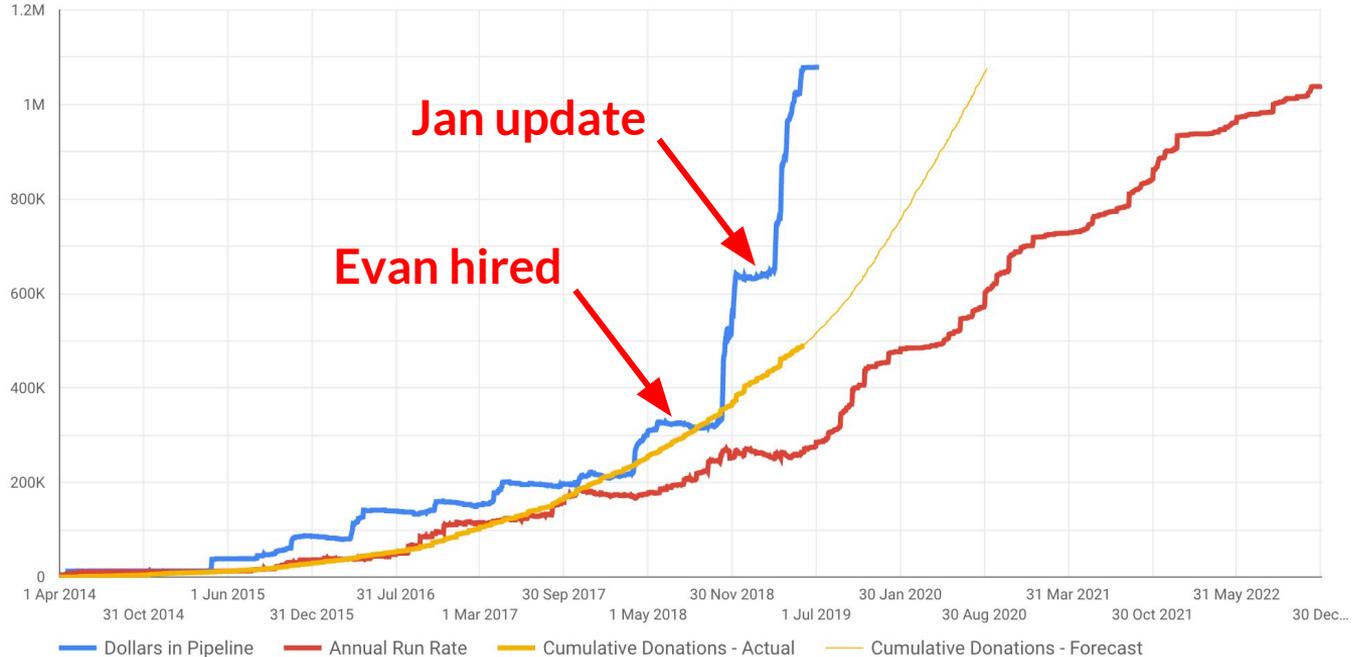
Quantitative review: See update on our key figures in next few slides

Previous headline metrics ([link](#))

Cumulative Donations - Actual
489,781
(Data Through)

Dollars in Pipeline
1,052,028

Key Metrics Over Time



Actuals: Conversion of Pledges to Donations

Academic Year (Jul - Jun)	2014	2015	2016	2017	2018	2019
New pledges added in year (\$k run rate)	13	28	119	90	210	912
Actual Donations to Date (\$k in year)	34	57	173	56	112	57
o/w by end of pledge year	1	3	9	5	33	57
o/w next 12 months	7	15	53	30	80	
o/w months 13-24	10	15	61	21		
o/w later	15	24	50			

Notes:

- Pledges = committed annual run rate of donations, i.e. expected donation in 12 months after donations start.
- Donations = actual money moved.
- Academic Year is Jul to Jun, so 2014 = July 2013 - June 2014.
- Pledges added are net of churn (i.e. maximum pledge made in each year)
- Pledges in first year will be less than pledged total due to 1) churn before end of pledge year, 2) donation start lags (average donation start date is December of graduating year, i.e. Class of 2014 start in Dec 2014), 3) pledges from students not in graduating classes, 4) churn during first year.
- Pledges in subsequent years should roughly equal pledge run rate at end of pledge year less churn run rate to end of nth year, less churn during that year.

For example, in 2016 we added \$119k of pledges, which resulted in \$53k of donations in 2017, \$61k in 2018 and \$50k in 2019

Massive increase in pledges in 2019

Backup: Historic Pledges by Start Date

Table 1. \$ Pledged

		When \$k is pledged (run rate)						
Academic Year (Jul - Jun)		2014	2015	2016	2017	2018	2019	Total (Gross)
When \$k is expected to start (run rate)	2014	12	-	-	-	-	-	12
	2015	0	3	-	-	-	-	4
	2016	1	24	21	-	-	-	46
	2017	-	1	98	13	-	-	112
	2018	-	-	0	77	62	-	139
	2019	-	-	-	0	127	127	253
	2020	-	-	-	0	12	227	239
	2021	-	-	-	-	5	237	241
	2022	-	-	-	-	3	211	215
	2023	-	-	-	-	1	111	111
	Total (Gross)	13	28	119	90	210	912	

For example, in 2016 we added \$119k in pledges. \$21k were scheduled to start in 2016, and \$98k were scheduled to start in 2017

2019 the first year with meaningful portion of pledges made due to start in >1 year

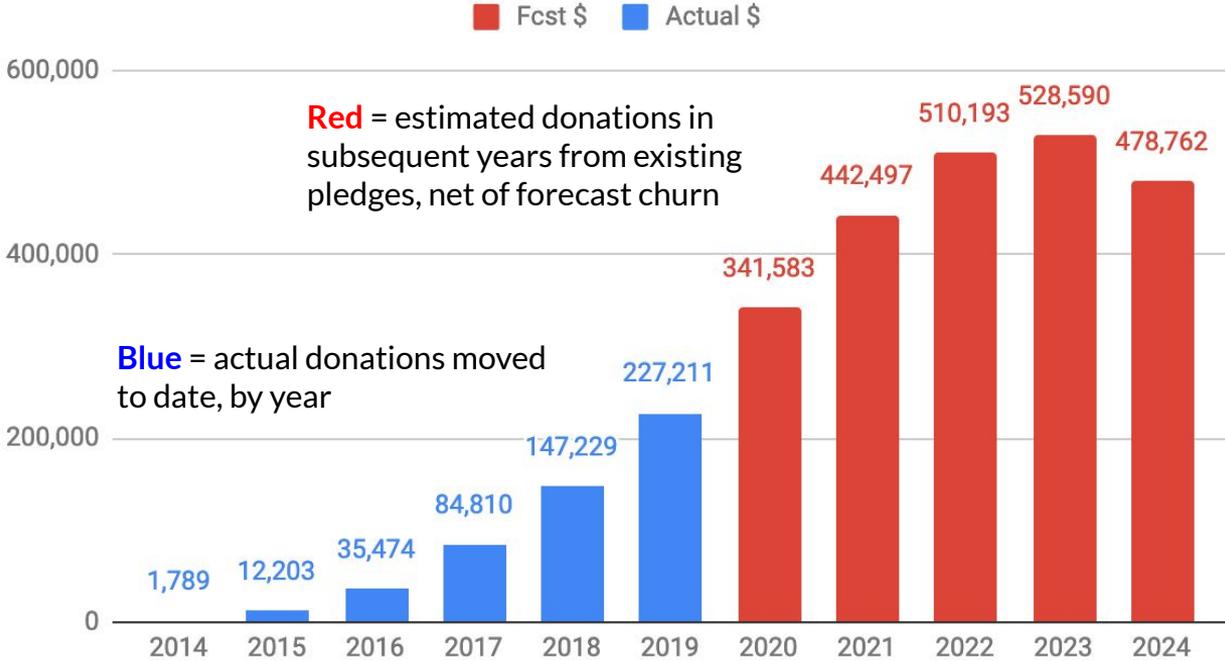
Backup: Historic Donations by Start Date

Table 2. \$ Received

		When \$k is pledged							
Academic Year (Jul - Jun)		2014	2015	2016	2017	2018	2019	Total (Gross)	
When \$k is actually donated	2014	1	0	-	-	-	-	1	
	2015	7	3	0	0	-	-	11	
	2016	10	15	8	0	-	-	34	
	2017	7	15	53	5	0	-	79	
	2018	4	13	61	30	33	1	141	
	2019	5	11	50	21	80	56	223	
	2020			-	-	-	-	-	
	2021			-	-	-	-	-	
	2022			-	-	-	-	-	
	2023			-	-	-	-	-	
Total (Gross)		34	57	173	56	112	57	489	

For example, pledges made in 2016 led to \$173k in donations so far: \$53k in '17, \$61k in '18 and \$50k in '19

Actual and Fcst Donations: Existing Pledges



Note - the forecast of money donated is based only on pledges already received, and (conservatively) assumes a retention rate of 65% in year one (and a ramp up period to all donations starting), and 85% in each subsequent year. This is consistent with previous years - see [appendix slide](#).

Growth goals and success metrics

Year	Total \$ in pipeline	EPDV of new pledges	Money donated*	Expenditure	Leverage (EPDV)	Leverage (donations)
2018-19	\$1.1m	<u>\$2.6m</u>	\$227k	\$75k	34:1	3:1
2019-20	\$2.2m	\$3.1m	\$341k	\$256k	12:1	1.3:1
2020-21	\$4m	\$5.0m	\$442k	\$405k	12.3:1	1.1:1
2021-22	\$7m	\$8.4m	\$510k	\$546k	15.4:1	0.93:1

*Money donated in future years is based only on pledges that are already in the system (see previous slide). This makes the donation leverage calculation *extremely* conservative. The total \$ in the pipeline and EPDV figures are based on a rough guess at growth in future years.

Operational & fundraising milestones

Academic year	Q1	Q2	Q3	Q4
2018-19				<ul style="list-style-type: none"> ❑ 501(c)3 registration completed ❑ Corporate bank account ❑ Dir of Growth hired and starts work ❑ GiveWell grant secured
2019-20	<ul style="list-style-type: none"> ❑ ED begins work ❑ Office secured ❑ CRM implemented ❑ Create donor retention strategy ❑ Review of 2017 underperformance 	<ul style="list-style-type: none"> ❑ Chapter Management playbook created ❑ Chapter Leader conference sponsor secured (\$25k) 	<ul style="list-style-type: none"> ❑ Funding for Dir of Comms secured (HNW) ❑ Stretch: \$125k fundraising secured for year 1 	<ul style="list-style-type: none"> ❑ Clean audit ❑ Dir of Comms hired ❑ New recruitment routes scoped ❑ First Chapter Leader conference
2020-21	<ul style="list-style-type: none"> ❑ New recruitment routes launched (corporates, online campaign) ❑ (Stretch: new chapter management hire) 	<ul style="list-style-type: none"> ❑ Redevelop website ❑ Review donor retention strategy ❑ Second Chapter Leader conf 	<ul style="list-style-type: none"> ❑ \$125k fundraising secured for year 2 (stretch: \$156k) 	<ul style="list-style-type: none"> ❑ Third Chapter Leader conf

2019-20 Organization-Wide OKRs

Exec Cttee Member	Objectives	Metric	"Win" Level	Target Level	"Red Flag" Level	Key Results
All - Organization Wide	67% improvement on 2019 recruitment: Generate \$590k in run rate pledges from students graduating by June 30, 2020	Run rate of pledges from class of 2020	590	531	472	15 new chapters (6 law, 6 MBA, 3 UG) xx penetration targets xx give-rate targets
	Improve retention: Donate \$465k from donors who pledged before July 1 2019 and whose pledges start before June 30, 2020	Donations from class of 2019 and earlier	465	359	233	Realize \$265k from pledges that started before July 1, 2018 (100% net retention) Realize \$200k from pledges that started between July 1, 2018 and June 30, 2019 (120% net retention)
	Raise \$192k from non-GiveWell, non standard donor donations by June 30, 2020	Donations from incremental donors	192	144	96	Sign agreements for \$125k for OFTW ops from non-GW donors by June 30, 2020, with money due to land by June 30, 2021 Sign agreements for \$67k for GW charities from non-standard new donors, by June 30 2020, with money due to land by June 30, 2021
	Successfully transition to full time staff leadership	n/a	n/a	n/a	n/a	Incorporate as a 510(c)(3) by Oct 31, 2019 Hire 3rd FTE by Jul 31, 2019 Board certify operations and financial controls are "excellent" by June 30, 2020

Notes:

* "Target" levels are used for incremental funding impact calculations referenced in subsequent slides. Our approach is to calculate our target performance, and then assume that corresponds to an OKR score of 75%. "Win" level grosses this up to a level consistent with a 100% score, and "Red Flag" level is a 50% score.



The Ask

We plan to spend \$1.2m over the next three fiscal years (July19-June22) to scale OFTW. We are requesting \$627k from GiveWell. These increased expenses will pay for:

- (1) hiring our executive director Jack Lewars,
- (2) hiring an additional Director in each of the next two years,
- (3) supporting our expansion to new chapters, and
- (4) an increased marketing spend.

In doing so we expect to generate ~\$8m in total expected present donation value to the GiveWell portfolio.



The Ask

Following GiveWell's previous grant (augmented by [REDACTED]), and an [underspend](#) in 2018-19, we need only \$51k to fund our new operating model until June 2020.

We are then requesting a tapered contribution to our running costs until June 2021.

Year	Total need	% requested	Ask
2019-20	\$51k	100	\$51k
2020-21	\$405k	75	\$304k
2021-22	\$546k	50	\$273k
Total Ask			\$627k

[3-year budget forecast](#) (TO DO: update our cash balance once got final reconciliation with TLYCS)

Impact of incremental funding - Estimate

Spend to Donations Ratio - Counterfactual, Plan and Incremental

Year to June 30	Counterfactual			Plan			Incremental		
	Donations	Spend	Ratio	Donations	Spend	Ratio	Donations	Spend	Ratio
2019	179	21	8.5	223	75	3.0	44	54	0.8
2020	244	21	11.6	499	256	1.9	254	235	1.1
2021	300	21	14.3	896	404	2.2	596	383	1.6
2022	347	21	16.5	1,454	545	2.7	1,107	524	2.1

Notes:

* Baseline donations based on 2018 fundraising year and current retention figures, assuming that each subsequent year adds as many new donors as we added in 2018 (as a mature, all-volunteer organization).

* 2019 figures for donations and spend are actuals.

* See next slide for detail on drivers of incremental donations

Based on these estimates, we expect to comfortably exceed the 1:1 incremental donations to cost ratio in 2021, and be close to 2:1 in 2022



Impact of incremental funding - Estimate

Plan Initiatives to Drive Incremental Donations

- 1) Increase new next-year pledges generated by 50% Y/Y from 2019 base
- 2) Improve year 1 retention to 75% from 65%
- 3) Improve subsequent year retention from 85% to 90%

Year to June 30	Counterfactual Donations	Addl. Donations Due to Plan			Incremental Ratio Impact of Plan		
		(1)	(2)	(3)	(1)	(2)	(3)
2019	179	44	0	0	0.9	0.0	0.0
2020	244	203	40	11	0.9	0.2	0.0
2021	300	468	93	34	1.2	0.2	0.1
2022	347	887	169	52	1.7	0.3	0.1

Notes:

* See previous slides for notes on baseline construction

* Plan numbers on column headings correspond to initiatives above



Impact of investment

Long term, our objectives are:

- 1) Move \$40m/year to our recommended charities by 2030
- 2) Be the 1% entry point to effective giving
- 3) Build a replicable model that can be exported to other territories

These objectives are not possible without a full-time team. Managing \$40m of capital, owning a space within EA and exporting internationally cannot be achieved by volunteers alone. We believe that if we hire and embed this team now, a 10x ROI is achievable on our future cost base.

Counterfactual impact so far - donations



Our best guess is that the vast majority of donations through OFTW would not have been made to GiveWell-recommended charities

1. Based on a survey of 104 OFTW members in 2018, 68% of respondents said that OFTW had changed their attitude towards philanthropic giving
2. Anecdotally, the majority of our members have not heard of EA before engaging with OFTW, so OFTW has served as their 'entry point' to effective giving

Counterfactual impact so far - chapters

Many of our chapters are in schools without a large, active EA group (e.g. Wharton, Columbia, Villanova, Stanford GSB), and we have been particularly effective at reaching a new audience in MBA and Law programs.

It is not clear what would have happened on such campuses in the absence of OFTW, but compared to other EA student groups, OFTW chapters seem to be much larger (in terms of individuals participating) and in some cases have proved persistent.

As a point of comparison, the EA/GWWC group at Penn had ~20 active members between 2014-2017 before dying out (when Rossa left), and generated 10-15 GWWC pledges. This year, the three chapters at Penn received a total of 309 pledges worth an annual \$275k.

An alternative point of comparison is the best-performing GWWC chapters in the past. It is hard to get chapter-specific information, but the month-long pledge campaigns in December 2015 and 2016 drove [60-90](#) and [318 new pledges](#) respectively. Across two pledge week events, OFTW chapters this year generated ~1.6k new donors. So it is plausible that GWWC-style 10% pledge campaigns would generate more 'revenue' than OFTW. We will experiment with messaging and pledges at rates higher than 1% (e.g. 2% and 5%) in future years to better understand this.

Counterfactual impact in absence of additional funding

Any estimate of our growth in the absence of funding or additional hiring is necessarily speculative. Rossa's best guess is that our growth would be significantly curtailed by the following factors:

1. The expansion to new chapters would be limited by having only one full time member of staff managing them (Evan). I guess that Evan would only be able to effectively manage 30 chapters
2. Limited ability to improve engagement of members and improve retention
3. Risks associated with having a volunteer-led team responsible for significant functions of OFTW in the long run (we think that this model is at its approximate limit)

My best guess is that we would be unlikely to grow to a size roughly 50% larger than our current size (i.e. achieving \$1.5m in new pledges each year from ~30 active chapters) with only a single member of staff in the next 2-3 years. Hiring a full time ED and growing our core team allows us to pursue much larger growth, while minimising the risks that OFTW 'fails' in a major way (e.g. suffers negative growth in our most important chapters, or suffers from large donor churn)

Appendices





Our objectives

- 1) Move \$40m/year to our recommended charities by 2030
- 2) Be the 1% entry point to effective giving
- 3) Build a replicable model that can be exported to other territories



Key growth levers

There are several growth levers available to OFTW, to increase 40x in a decade. However, some create considerably more growth than others. Our three main priorities, therefore, are to:

- 1) Recruit a lot more donors
- 2) Retain a lot more donors
- 3) Increase donations in line with donor salaries

These primary goals will be supported by secondary levers, which produce less substantial change or about which we have a higher degree of uncertainty:

- 4) Crack new routes/models for recruiting donors (e.g. corporate chapters, HNWI's)
- 5) Create an attractive and high profile brand presence
- 6) 'Upsell' donors to donate a higher percentage of their salaries



Donor engagement

Historically, OFTW has lost about 15-20% of the value of donations by the time donations become active, about 40% of value after one year, and about 70% of value after 4 years. (A new experiment by the Alumni Engagement team shows promising results, increasing retention from 75% by month 6 to 91%)

Plans for future donor engagement

Churn reduction

- Regular social media content at the chapter / national level to keep OFTW top of mind for alumni donors
- Monthly or bi-monthly newsletter with news, chapter and member highlights, updates, and impact
- Automated monthly or annual impact reports for each donor

Increased pledged donations

- Annual '1% verification' note (e.g. *Congratulations on giving X, here's your impact. Do you want to increase your regular donation to keep your 1% pledge?*)

OFTW HQ donations / one-time donations

- Annual one-off ask during bonus / holiday season (e.g. *Would you like to make a one-off donation to OFTW? For each dollar given to OFTW HQ we raise \$12 for effective charities.*)



High Net Worth opportunities

OFTW's target demographic is highly likely to produce future High Net Worth Individuals

These can be extremely high value donors to OFTW, GiveWell, the wider EA community and to recommended charities

Initially, OFTW will meet directly with existing and potential HNWIs to solicit donations to OFTW itself

If the donor is interested in the wider EA community or recommended charities, OFTW will coordinate with GiveWell on these approaches, with the Executive Director attending GiveWell-donor meetings for his own development



Work phasing

2019-20	2020-21	2021-22
<ul style="list-style-type: none">- Focus on and grow aggressively volunteer-led recruitment model- Perfect chapter leader training and management- Implement cheap retention and comms strategies (mainly tech-driven)- Build ops and tech infrastructure- Implement guerilla and organic marketing (inc. chapter-driven marketing)- Test options for direct fundraising from donors and corporates	<ul style="list-style-type: none">- Test options for new recruitment routes:<ul style="list-style-type: none">- corporate chapters- HNWIs- pay-per-click marketing- national campaigns- high profile ambassadors- Increase focus on donor retention and increasing donation value- Biannual chapter leader conferences established and sponsored- Website redevelopment	<ul style="list-style-type: none">- Implement direct fundraising from donors and secure corporate/grant funds from 2022- Consolidate and invest in best options from year 2 testing- Fully automate donor on-boarding, retention, impact reports and salary update processes- Pursue thought-leadership role - blogs, media, campaigns, podcast- Test new grant models with recommended charities



OFTW direct fundraising

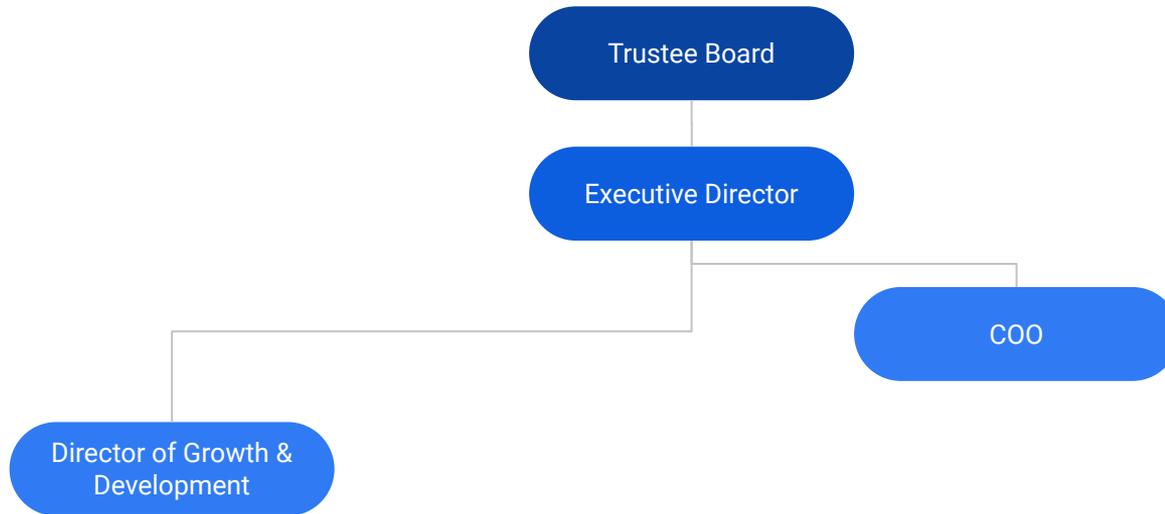
Sustainability is a key challenge for OFTW. A major risk in the operating model is that \$ raised for recommended charities grows rapidly - meaning that OFTW's costs grow rapidly - but without corresponding growth in OFTW's income

OFTW will therefore begin requesting direct donations from donors from 2019-20:

- at the point of sign-up - 'would you consider donating an extra 0.1% of your income to support OFTW's operations?' / 'do you consent to 5% of your donations to be used for OFTW's operations?'
- with and without marketing of this option from chapters
- through direct appeals to donors (such as at 'bonus time')
- engaging with and seeking funding from our most committed existing donors

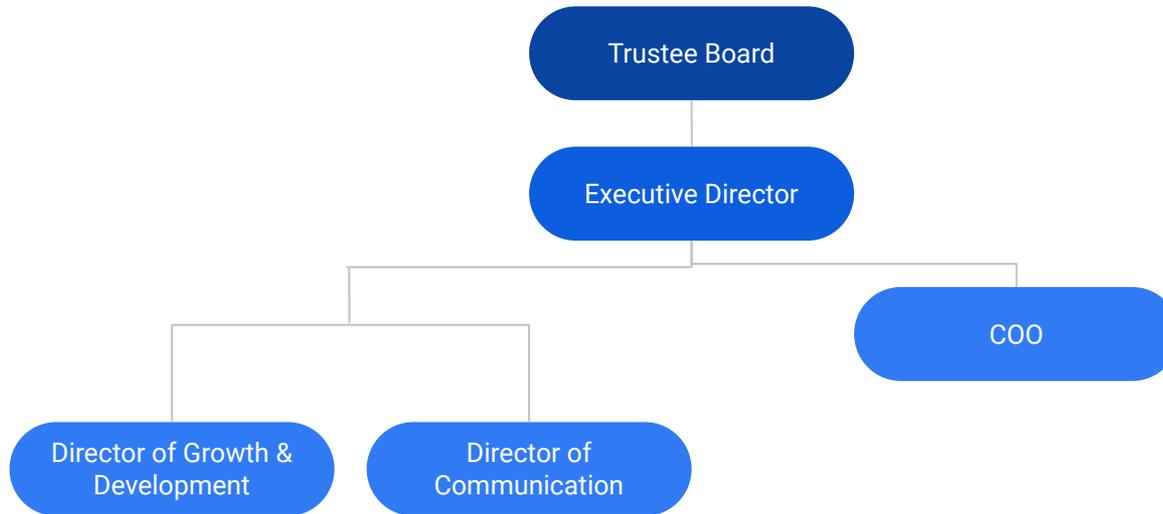


Governance & hiring (2019-20)





Governance & hiring (2020-21)



Hiring plans and evaluating ED performance



- Visa plan for Jack
- Hiring plans, salary costs, and overall projected costs
- Jack's performance goals
 - Quantitative: closely related to the growth targets on the last slide + (possibly, if necessary) fundraising goals (\$50k in Y1, \$100k in Y2, \$200k in Y3) from HNWs, donors, grants or other sources
 - Qualitative: hiring and management, working culture, governance (inc setting up ad board), marketing/brand awareness
- Process for performance review: by trustee board every 6 months, led by the chair. Input from employees, chapter managers, EC, other trustees, key funders



Governance - key board requirements

Traditional Board structure: 7-9 people, providing key oversight and a skills backstop in key areas

Meeting 5 times per year x 2 hour meetings (remote or face-to-face)

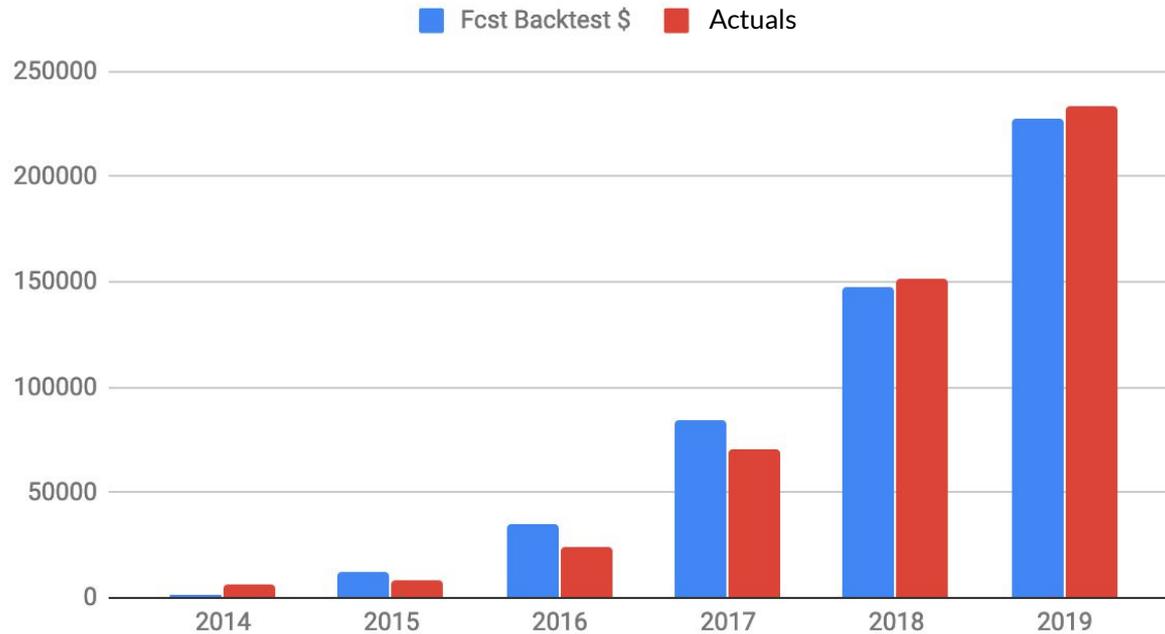
Key positions/skills:

- accountancy
- law partner
- 'institutional memory' (e.g. a founder)
- marketing
- growth / strategy
- charity selection

Longer term, influencers (such as a US Senator) would be extremely advantageous

Performance of forecast formula in previous years

Forecast Backtest vs True Actuals

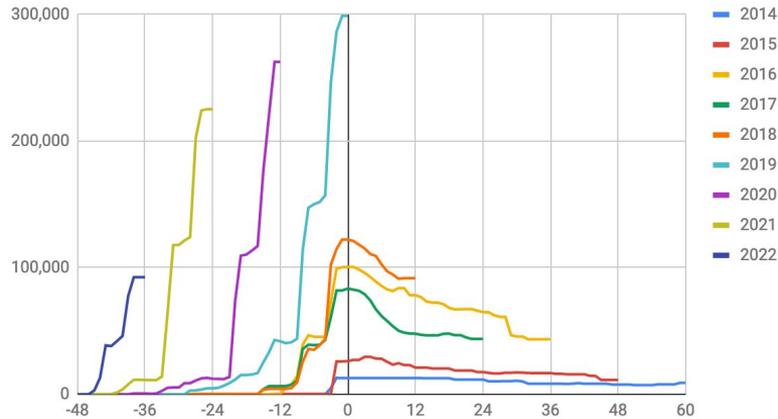


The blue bars represent realised donations, and the red bars represent a 'forecast'/prediction of donations based on pledges that assumes a retention rate of 65% in year one, and 85% in each subsequent year.

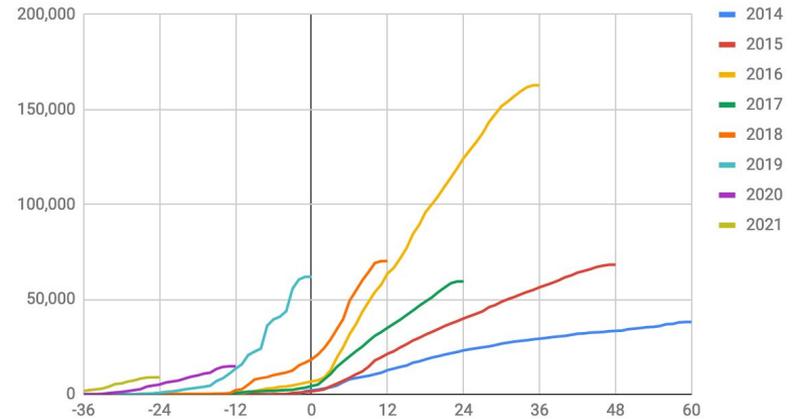


Pledges & donations improving w/ each Class

Pledge Rate and Retention Improving with Each Grad'd Class



Funds Raised Improving with Each Cohort





Fiscal Year 2018/19 Cashflow

Following a review of FY18/19 expenditures as of Dec. 31st 2018, and adjusting down our expectations for how much we would spend on Chapter Outreach in Jan-Jun 2019, our FY18/19 expenses have been in line with expectations. To meet our new forecast budget, we need to raise an extra \$51k for the current fiscal year.

Year	Budget	Actual / forecasted spend	Variance	Remaining surplus / deficit
2018-19	<u>\$107k</u>	\$75k	+\$32k	
2019-20	<u>\$173k</u>	\$256k	-\$83k	-\$51k

July 2018 - May 2019	
Operating Revenue	
SVCF	\$ 153,750.00
Luke Ding	\$ 50,000.00
Exec Committee	\$ 23,980.00
CEA	\$ 15,000.00
Other	\$ 5,065.00
Sub-Total	\$ 247,795.00
Operating Expenses	
Payroll	\$ 45,500.00
Workspace	\$ 3,835.00
Chapter Outreach	\$ 11,100.96
Chapter Management	\$ 3,720.10
Tech Infrastructure	\$ 1,967.00
501c3 Fees	\$ 3,000.00
Sub-Total	\$ 69,123.06
Net Cashflow	\$ 178,671.94