

July 14, 2008

YOUR MONEY MATTERS

Giving

Charity Cases

Social-networking phenomenon makes it easy for donors to promote their favorite causes online

By PAUL B. CARROLL

July 14, 2008; Page R11

For most people, networking on the Web means keeping up with friends or building business contacts. Now a number of charities -- and thousands of ordinary people -- are starting to use online networks to reshape the world of philanthropy.

Charities are setting up sites that make it easy for people to pass along information about causes to their friends and urge them to donate. And people on traditional networking sites such as Facebook and MySpace are using the sites to send charitable requests to friends (and friends of friends).

THE JOURNAL REPORT

Supporters say the movement has one powerful advantage: the personal appeal. People are 100 times more likely to donate when asked by a friend or family member than an anonymous solicitation, according to a recent survey by the blog [Social Actions](#)³, which advocates for charitable networking.

Meanwhile, the ease of online networking makes it simple to pass along pitches and recruit new donors. Potential contributors are just a click away from all the information they could want about a charity and perhaps an emotionally wrenching video. And donating money is usually as easy as making an online purchase.

It All Adds Up

To be sure, charitable networking is still in its early stages. Over roughly the past two years, the networkers raised about \$44 million, according to Social Actions. That's just a drop in the philanthropic bucket; overall, charitable giving hit a record \$306 billion in the U.S. last year, according to the Giving USA Foundation, a nonprofit educational group in Glenview, Ill.

But there are signs that charitable networking may be due for a boom. For one thing, overall online giving -- which currently represents 2% to 3% of giving in the U.S. -- is increasing by some 50% per year. So, the charitable networkers may rise along with the Internet tide.

In addition, charitable-networking sites are reaching a group of people, typically in their

20s, 30s and 40s, who haven't previously been donors. Advocates for online philanthropy hope this group will evolve into a mainstay of funding, much as an army of small donations has sustained Sen. Barack Obama's presidential campaign.

The goal isn't to have someone give \$10 million to a specific cause; it's to "reach out to a million people and have them each put \$10 on their credit card," says Kevin Bacon, the actor.



Otto Steingger

Mr. Bacon gave social philanthropy a jump start a year and a half ago, founding one of the first big charitable-networking sites -- because of a bottle of Paul Newman salad dressing.

Mr. Bacon's wife, actress Kyra Sedgwick, was often away from their New York home so she could film her TV series, "The Closer," in Hollywood, and their two teenage children were increasingly independent, so he found himself

with time on his hands. "I was recently orphaned, at 48 years old," he says. He found himself "looking at my life and thinking I coulda, woulda, shoulda done more to give back."

As he poured dressing on a salad one day, Mr. Bacon thought of the hundreds of millions of dollars that Newman food products have raised for charity and wondered what his "brand" could do -- specifically, "Six Degrees of Kevin Bacon." The object of the game, devised by some college students over a decade ago, is to link actors with Mr. Bacon through as few movie connections as possible.

Mr. Bacon wondered if he could use a six-degrees approach to get people to become champions for causes and line friends up behind those causes. He bought the domain name SixDegrees.org⁴ in 2006 and later joined forces with Network for Good, a nonprofit formed by AOL, **Yahoo Inc.** and **Cisco Systems Inc.** to make it as easy to donate money online as it was to buy something.

A SHARED MISSION

- **What's Happening:** Charities are setting up Web sites that make it easy for people to pass along information about causes to their friends and urge them to donate.
- **The Background:** Online giving is rising strongly, helped by young people who hadn't donated to charity in the past. Some nontraditional charities are already starting to benefit.
- **What's Next:** Online giving could help charities cut expenses by making them more efficient.

SixDegrees.org launched in January 2007. On the site, people set up "badges" that show their name and the cause they're raising money for. Someone clicking on the badge gets

access to information about the cause -- plus, perhaps, a video appeal -- and can immediately donate money via credit card or the PayPal service.

People can find badges by going to the SixDegrees site and searching in any number of ways, including the name of the person who is championing the cause, the name of the charity being supported, the type of charity being supported or the popularity of the badge. People can also email their badges to friends and appeal for donations.

SixDegrees raised \$1 million in its first year and has added almost \$1.5 million more so far this year. In all, more than 6,500 people are using the site to solicit donations for charities, including ones that support research into autism and multiple sclerosis; lobby for laws more favorable to gay families; and finance animal rescue.

Some of the success of SixDegrees is straight celebrity appeal. Not only have Mr. Bacon and his wife set up badges advertising their favorite charities, but so have Nicole Kidman, Ted Danson, Bradley Whitford, Rosie O'Donnell and many other recognizable names. Mr. Bacon has also promoted the effort at the Sundance Film Festival, college campuses, "The Tonight Show" and concerts with his band, The Bacon Brothers.

Old Friends Come Through

SixDegrees is just one of dozens of charity sites that offer users the chance to recruit friends as donors. The sites have sprung up in the past few years, and many of them boast fund-raising success stories.

Take Reality Charity, a site based in Baltimore. Before signing up with the site, a woman with Parkinson's disease tried to raise money for research the old-fashioned way -- by talking to friends, says Alexander Blass, the founder of Reality Charity. The result: \$100 in donations for a 2006 walk in New York City. The following year, she posted an appeal on Reality Charity -- and raised \$1,650 from 25 people.

Much of the money came from people she knew but hadn't seen in 20 years, according to a posting on the site's Donor Wall. She could only surmise that friends had kept passing her appeal around until it reached those she'd lost touch with.

Users of traditional networking sites are also getting into the act. A group called Causes, founded by some of the early employees at Facebook, is weaving itself into the fabric of the major social-networking sites, such as Facebook and MySpace, by encouraging members to use their pages to solicit charitable donations. The group says roughly 12 million people have signed up and have thus far donated \$2.6 million to charity. (**News Corp.**, which owns MySpace, also owns Dow Jones & Co., publisher of this newspaper.)

Causes says one strategy has been particularly effective: giving donors a pat on the back. On Facebook Inc.'s network, for instance, users' home pages show the charities they've given money to, and the charities' own Facebook pages list donors by the size of the donation.

"You're more likely to be altruistic if you get social credit for it," says Joe Green, a co-founder of Causes, which is based in Berkeley, Calif.

Mr. Green says that top fund-raisers have even gotten attention from other charities that need help. One user, Mr. Green says, was extremely successful at raising money for breast-cancer research. Another nonprofit noticed and contacted the man to see if he'd raise funds for their group.

NETWORKING FOR GOOD

These Web sites focus on using social networking to promote philanthropy

• sixdegrees.org⁵

Founded by actor Kevin Bacon and the Network for Good, sixdegrees.org lets individuals solicit donations for a wide range of charities.

• **Causes at Facebook, Causes on MySpace**

Causes enables members of social-networking sites to post appeals for donations, recruit members for the cause and keep everyone up to date on progress.

• realitycharity.com⁶

The site lets people request donations either for charities or for individuals, such as a veteran of the Iraq war who lacks the money to pay all his medical bills.

• chipin.com⁷

Users can create widgets that request and process donations for a cause and that can either be posted on an existing Web site or can be set up as a separate Web site.

• firstgiving.com⁸

Users can set up Web pages on the site and steer friends there. The site provides tips on online fundraising.

• givemeaning.com⁹

Like firstgiving, givemeaning hosts Web pages where people can solicit donations. Unlike many sites, givemeaning doesn't deduct credit-card fees or other processing fees from donations; advertisers and donors cover those costs.

• justgive.org¹⁰

This site allows visitors to volunteer time and donate goods, as well as contribute cash. It suggests a different sort of wedding registry, where the couple can suggest that friends and family donate to a particular charity rather than buy wedding gifts.

Source: WSJ reporting

How Much Good?

The question is how much social networking, together with the other technological capabilities of the Internet, will actually increase giving. There is reason for caution. Over the past few years, researchers say, the increase in charitable giving has stayed fairly constant, at about the rate of inflation, even as the Internet has become a bigger part of the equation. So, the Internet may not be attracting all that many new donors; regular donors may simply be making their pledges online.

But some boosters say that social networking is already having an effect on charitable

giving beyond simply increasing the amount of money given. For one thing, they say, it's beginning to steer money to nontraditional charities. Because of the personal nature of networking, people can get their friends to listen to appeals for obscure causes they might not otherwise notice. For instance, Mr. Green says that a charity called Love Without Borders recently raised \$150,000 through Causes. The group isn't exactly well known: It provides heart surgery to orphans in China.

Some hope that the move toward online giving will, at the very least, help charities cut expenses. Charities are considered efficient if they spend just 25% to 30% of their budget on fund raising, but online charities pretty much just pay 5% or so to credit-card companies for processing transactions.

Looking out a bit, Mr. Bacon hopes technology will lead to a sort of Netflix of charities. People would pledge \$20 or so a month on their credit cards, while having the option to change the charities that receive their donations as easily as they move through their movie queues on Netflix.

Perhaps the biggest hope among advocates of social philanthropy is to move beyond the Internet and onto cellphones. Bill Strathmann, chief executive officer of Network for Good, asks, "What if, at the end of a film about a specific issue, maybe blood diamonds, before the lights come up there's a message that says, 'Turn on your cellphones and text \$10 to a site to fight this problem?'"

--Mr. Carroll, a former Wall Street Journal reporter and editor, is a writer in Granite Bay, Calif. His latest book is "Billion-Dollar Lessons: What You Can Learn From the Most Inexcusable Business Failures of the Last 25 Years." The book will be published in September. He can be reached at reports@wsj.com¹¹.

Corrections & Amplifications

The blog Social Actions advocates on behalf of charitable networking. The blog's previous name, About Micro-Philanthropy, was incorrectly used instead of its current name in a previous version of this article in Monday's Your Money Matters section.