

Cherished Dream Charitable Foundation
Systematically improving quality-oriented basic education in rural China
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Summary

Cherished Dream Charitable Foundation is an operation foundation initiated and run by former senior financial executives and listed company managers. Approved by the Shanghai Civil Affairs Bureau, Cherished Dream Charitable Foundation was registered on 14th August 2008. Formerly it was incorporated in Hong Kong under Cherished Dream China Education Fund Limited in October 2007. It has grown rapidly since its 2008 official founding, relying on standardized operation and partnerships with local schools and education bureaus. Cherished Dream Charitable Foundation has fully utilized its management team's expertise in chain and operation management to expand its quality-oriented education products to rural China. Currently, the corporations and foundations are the most important part of its funding base.

Organizational Snapshot

Organization: Cherished Dream Charitable Foundation

Mission: “We aim to improve the imbalanced education system in China, especially the quality-oriented basic education in rural China. We want to help the rural children and urban children of migrating workers to increase their self-awareness and explore the broader world and life possibilities through a systematic provision of services and products. We always believe that charity should bring possibilities rather than results to people” (Cherished Dream Charitable Foundation, 2012).

Background and targeted social problem:

In China, especially in the rural areas, the most serious problem for basic education is the exam-oriented education. Generally speaking, exam-oriented education puts the performance of

students in all kinds of examinations as the key of judging the success of education. Under exam-oriented education, teachers' teaching methods are always assigning students to do papers and checking answers after that. However, the all-around development of the students has been paid much less attention. Students are supposed to receive knowledge passively and therefore lose creativity. Because of the imbalance of educational resources in rural and urban areas, the scores for rural children fall far behind those of the urban children. Therefore, after the 1 to 9 grade compulsory basic education, relatively few children are able to go to high school and college. Most of them will follow their parents' paths to migrate to coastal cities to do basic labor work. However, the exam-oriented education prepares little for their future. It even kills the imagination and creativity of those rural children. Quality-oriented education therefore is crucial for the future growth and success of those rural children.

The central government also realizes the importance of quality-oriented education. In the 2001 education reform on basic education, they require each school to have their own school-based curriculum (10% to 12% of the total credit hours) which should be quality-oriented and exam-exempt. However, for the local schools, their performance is still measured by the students' scores on the exams. Therefore, there are no incentives and additional resources for the school officials and teachers to develop and teach those required school-based curriculums. Most of those classes are either taken up by main classes or turned into pure activity classes. Cherished Dream Charitable Foundation hopes to target this problem to provide quality-oriented education products to the primary and middle schools in rural China.

Program:

Cherished Dream Charitable Foundation has developed a series of charitable products to improve the quality-oriented basic education for grade 1 to grade 9 schools in rural areas. Their main

effort is to utilize China's education policy to target the school-based curriculum. The core project is called "Dream Center," an interactive space integrated with computers, books, and multimedia features to make study a lot of fun, the "Dream Course," quality-oriented education curriculum innovation to fit into the school-based curriculum system, the "Dream Coach," rural teacher training system focusing on facilitating techniques, and the "Dream Bank," teacher development and teacher incentive system. These four core products consist of the foundation's comprehensive system of quality-oriented education products (Figure 1).

Figure 1. Reprinted from foundation website (2011)



Size: The total funding was 3 million dollars in 2010 and 5 million dollars in 2011. The total expenditure was 1.6 million dollars in 2010 and 3 million dollars in 2011. Now Cherished Dream Charity Foundation has 2 main offices in Shanghai and 23 staff (as of 2011).

Revenue growth rate: From 2008 to 2011, the average annual growth rate in total funding was 108%. The highest growth rate in total funding was 207% in 2009~2010. From 2008 to 2011, the

average annual growth rate in total expenditure was 243%. The highest growth rate in total expenditure was 370% in 2008~2009.

Funding sources: Cherished Dream Charity Foundation attracts funding mainly from major foundations, corporations, and individuals. In 2011, 42.1% of the funding came from foundations (Tencent Foundation contributed 0.9 million dollars to the foundation in 2011). Nearly 30% came from corporations. Compared with 2010, in 2011 the matching fund of local schools has grown 295%, reaching 0.15 million dollars. With the success and increasing influence of the programs of the foundation, the foundation begins to require more and more local schools or education bureaus to provide matching funds for the charitable services and products. If the foundation's programs continue to grow and scale up at a such a rate, this would serve as the main funding source for the incoming programs. Hopefully, in the future, government would take over and provide funds to those quality-oriented education products to cover all the basic education schools in rural areas.

Organizational structure: The foundation now has 2 offices in Shanghai, one logistic warehouse in Jiangyin, and volunteer coordinators in Beijing and Shenzhen. Under the Board, they have set up the Executive Committee, Fund-raising Committee, Volunteers Development Committee, the Finance and Supervision Committee.

Leadership: Jiangxue Pan, Chairman of the Board of Directors. Chong Wu, Secretary General.

Growth Story

The establishment and expansion of Cherished Dream Charitable Foundation date back to a group of financial executives who loved hiking and backpacking in West China. During their trip,

they saw the situation of rural education in those areas. They found that the core problem was not the shortage of classrooms or teaching facilities, but the lack of teaching ideas and learning interests. They decided to donate a large amount of money to a nonprofit to help solve this problem. However, after a thorough web and site search, they found no nonprofits aiming at solving the problem of teaching ideas and study interests in the rural area. Most of the nonprofits did summer camps for the rural children or built rural libraries for the children there. However, after the summer camps, the children would resume their education in the traditional classrooms. No further changes happen after the camp. After the rural libraries were built, nobody cared if the libraries were put into use or turned into an abandoned room or even a pigsty. Therefore, they decided to establish their own organization to solve the rural education problem.

The form of knowledge consumption will be changed by the way of knowledge supply

Chong Wu, the Secretary General of the foundation, once participated in the set up of several well-known supermarkets, including China Resource Vanguard Co., which is a well-known listed company in China. The theory and practice of the supermarket chains have shown that the change in the supply of the goods (from closed counters of the traditional department stores to open and interactive supermarket shelves) will bring about a consumer revolution. If we say that rural children lack the interest to “consume” knowledge, can we use an open and interactive approach to supply knowledge and thereby ignite the interest of the children? Under this logic, Cherished Dream Charitable Foundation developed their first core quality-oriented education product Dream Center (Figure 2). Just as Chong (2011) describes:

The nature of Dream Center is a “Knowledge Supermarket”: We open the traditionally locked cabinets to make books available on the open shelves; we changed the gloomy style of the traditional classroom with great color and bright lights to attract “customers” and we make full use of the internet, so that all schools and our education consultants can achieve

real-time communication and the relevant data can also be managed with high efficiency.

The teacher's space will be squeezed a corner of the site. Just like supermarket sales people, teachers appear only when students need them.

Figure 2. Reprinted from foundation website (2012)



Compared with traditional classrooms, the Dream Center is really fancy and splendid. For local education officials, the Dream Center would show their commitment to basic education, which would be a great bonus for their careers. Therefore, after the establishment of the first 2 Dream Centers in Sichuan province, schools have been very enthusiastic in applying for the Dream Centers. Chong stated that the “Trojan Horse” has been successfully made and now they can fit into the existing basic education system in the rural areas.

To reduce the cost of building Dream Centers and increase the efficiency of the operation, the foundation has built an automatic system to generate the construction drawing for the school if the school sends a basic description of the classroom, which will be turned into the Dream Center. Furthermore, they borrowed the idea from IKEA to supply standardized building materials and hardware and software modules. The school has to hire the local workers to

transport those building materials from the town center to their schools and install them according to the drawing provided by the foundation. This strategy greatly reduces the construction cost of the Dream Center (no staff is needed in the local school and the transportation cost is much lower). Currently, the total construction cost of a Dream Center is 9,500 dollars, which is 40% lower than the first 2 Dream Centers.

What to sell in the “supermarket”

“Businessmen care about cash flow instead of assets.” These are the most quoted words of Chong. Based on the same logic, the foundation is not only concerned about how to donate books or build computer rooms, they are also concerned about how to run the place to increase the study interests of the rural children and truly benefit the children there. Based on this good looking “store,” what “products” should they sell?

The basic education reform in 2001 provided the foundation a great space to fit in. The central government has emphasized the importance of quality-oriented education in recent years and requires the schools to leave 10% to 12% of the classes for a school-based curriculum. However, nobody knows what quality-oriented education actually is, and there are no available resources for the schools to develop those school-based curriculums. The 10% to 12% of the valuable courses turn into exam-oriented classes or activity classes. Therefore, Cherished Dream Charitable Foundation steps in to set up a requirement for every school that would like to have a Dream Center to promise to have one Dream Course per week in the Dream Center for each class in the school.

From grade 1 to grade 9, if a child can receive one class of Dream Course per week, he will end up receiving totally 300 hours of dream courses. What would those 300 hours look like?

Collaborating with the Institute of Curriculum & Instruction of East China Normal University

which is the national renowned center for curriculum design, the foundation has developed three phases of quality-oriented education products, theming “Who am I”, “Where am I going”, “How can I get there”. They are suitable for year 1 to 3, year 4 to 6 and year 7 to 9 respectively.

In the "Who am I" module, the course focuses on training children's self-awareness, to be better in recognizing people around them and the surrounding environment. In the "Where am I going" module, the curriculum emphasizes the pioneering of children's vision and imagination. The "How am I going" module pays attention to diverse skills training for children. We set up professional life and financial management classes, so that students can learn more about the world, see career options, and understand how much effort is needed for a bright future.

How to train and stimulate the “managers” of the “stores” to sell the “products” well

So now that there are “stores” and “products,” the foundation faces a new problem of who will “sell” these “products”. Cherished Dream Charitable Foundation identifies village teachers as the key force in quality-oriented education because only village teachers will stay at school and interact with the students on a daily basis. Volunteers and foundation staffs won't be able to take the role of the village teachers. Therefore, a training and incentive system around village teachers is crucial for the success of the foundation.

Dream Courses seem to be very hard. For a lot of courses like financial management, even a college student doesn't know anything about that. How can a village teacher teach that? To tackle this problem, in the design phase of the Dream Courses, curriculum experts base the class design on a series of facilitating skills and games. Actually, during the course, the main role of the teacher is not to export knowledge but to facilitate discussions and ask questions to the

students. Every summer, the foundation will launch a Dream Coach project to recruit college students to train the village teachers about facilitation skills and how to use games in teaching. In 2011, the foundation recruited 289 college students to go to the rural areas to train the village teachers, covering 235 schools and 3691 village teachers (Cherished Dream Charitable Foundation, 2012). After receiving the training, the teacher can develop his own way of teaching what he learned.

Furthermore, to encourage the village teachers to launch more Dream Courses in their school, on March, 2011, the foundation launched the Dream Bank system. Village teachers will need to upload teaching plans, curriculum schedules, and other materials about Dream Courses to the system. The system will automatically calculate and accumulate the credits of the teacher and the school. Every year, the foundation will rank the performance of the teachers according to the accumulated credits of the teacher. In 2011, the foundation gave around 110,000 dollars to the top-performing village teachers (Cherished Dream Charitable Foundation, 2012). The top teachers will get more than 500 dollars annual bonus which is more than their 2-month salary. So for the teachers in the rural areas, it is a very big encouragement for them. The foundation also sets up regional Dream Salons to help the village teachers communicate with each other about their Dream Course teaching experience. The Dream Bank system makes sure that the village teachers have a sustainable incentive to have Dream Courses in their schools. The foundation put all their effort in encouraging existing village teachers to let them fully devoted to the quality-oriented education effort in their schools.

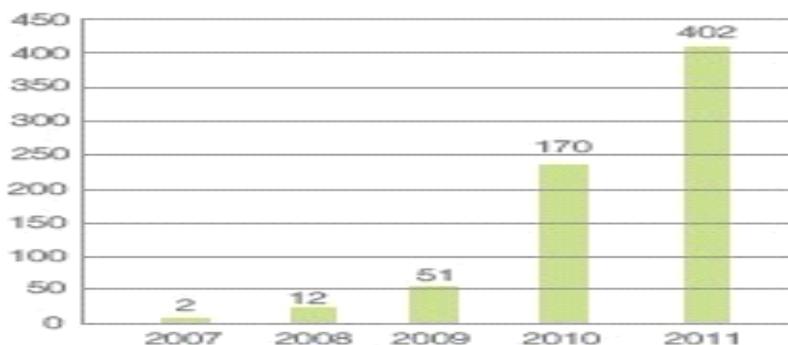
Currently, the foundation is also developing Dream Centers in regional normal universities which are the major sources of potential village teachers. In 2011, they have set up Dream Centers in 4 regional normal universities. Compared with the Dream Centers in primary and

middle schools, those Dream Centers are mainly designed to help the normal university students learn the basic ideas and techniques of quality-oriented education. The foundation will also provide consistent support for those students who want to teach in the rural areas.

How to expand the “channel” and scale up impact

Cherished Dream’s mission is to improve quality-oriented basic education in rural China. In the last four years, they have made great achievements. Up to now, there have been 402 Dream Centers built in 25 provinces (Figure 3). At the end of 2012, there will be over 780 schools with Dream Centers built, which will be 1% of the total number of local primary and middle schools (Cherished Dream Charitable Foundation, 2012).

Figure 3. Reprinted from foundation website



(2012)

There are mainly 2 ways for the foundation to expand its “knowledge chain”. One is the “Directly Invested Dream Center” (that is, the dream centers are directly invested by the Foundation, mainly in Sichuan Province). The other is the “Franchised Dream Center”. In this model, third parties or schools with their own funds can purchase hardware models and install them. After the Dream Centers are established, they will be integrated into the whole system of curriculum and activities with directly invested Dream Centers. Furthermore, the foundation encourages the third party to innovate and add certain features to the existing Dream Centers. For

example, SIEMENS collaborated with the foundation to bring about the SIEMENS Dream Lab in 2011. There are also other themes of Dream Centers according to the will of the donors, such as the Music Dream Center where it is mainly a room for music classes. Currently, the foundation is more and more relying on the second strategy. This strategy also contributes to the sharp increase of its total funding and the number of Dream Centers from 2009. Dream Center has become a great platform and hardware core to integrate various quality-oriented education products.

In 2011, the foundation set up 2 new departments: IT department and Branding department. The IT department is to meet the growing operating pressure of the foundations and the Dream Centers to sustain the expansion of Dream Centers. The Branding department aims to build the brand of the charitable products to increase its social impact. The foundation is more and more emphasizing using its brand to stimulate public support and influence public policy. The foundation's ultimate goal is that through their effort in quality-oriented education, Chinese government can accept their approaches and finally integrate them into the current education policy and local education budget to cover all the primary and middle schools in the rural areas. Jiangxue Pan, the director of Trustees of the foundation says:

When finishing this year report for our supporters and donors, it brought me back to the time of March 18th, 2008 when Dream Center No. 1 was open. We were surrounded by the happiness and excitement of the Tibetan children there. We claimed in front of them that we will build at least 100 Dream Centers in the next 5 years. At that time, we are just some hikers who are searching the beauty of nature and the meaning of life. We never know how we can keep the promise for the children. However, we are still confident and enthusiastic, because we believe in the power of love and reason. Just imagine that in the

distance, thousands of children are waiting for you. That is the happiest moment for me
(Cherished Dream Charitable Foundation, 2010, p. 29).

Key Innovations

- **Standardizing quality-oriented education products.** Cherished Dream Charitable Foundation fully utilizes its management team's expertise in supermarkets to develop a standard way of producing and selling the "knowledge products." This is also the key for its quick expansion. Even for Dream Courses, they standardize the facilitating techniques to help the village teachers to teach those courses in a quick and easy way.
- **Combining libraries and computer rooms with classrooms.** Cherished Dream Charitable Foundation doesn't only regard the Dream Center as a rural library or computer rooms. They use that as a classroom to carry out quality-oriented courses. The design of the Dream Center serves the core ideas of the Dream Courses well. Turning the Dream Center into a true classroom guarantees the effective operation of the Dream Center. On the other hand, the fancy and beautiful Dream Centers offer the incentives for the teachers and students to have classes there.
- **Rewarding teachers instead of rewarding students.** Cherished Dream Charitable Foundation believes that the village teachers are the core of rural education. Only through changing rural teachers can we change the education situation in the rural areas. Therefore, all the training, development, and rewarding efforts are directly put into the existing or potential village teachers. For the foundation, the customers are the village teachers while the users are the students, just like the diaper for mom and child.

- **Leveraging public and private partnership.** Cherished Dream Charitable Foundation develops a franchise model for its charitable products. The public schools can match up the funds to get the Dream Center and related operation support more easily. The interested corporations or foundations can put their name on the products by joining the franchise model. This strategy greatly leverages the resources of the corporations, foundations and the public schools. More importantly, this strategy turns the donors and beneficiaries to a level of true partners, which is an important guarantee for the future success in operation.

Challenges

The quick expansion of the project sites also brings two key challenges for the foundation.

Because of the sharp increase of funding and planned built Dream Centers, the ratio of accepted school applications has increased rapidly. Foundation staff have no time for site visits for the application schools. They can only base their site selections on limited telephone interviews.

This created great risks for future operation. In 2011, the number of “dead” Dream Centers reached 79 (Cherished Dream Charitable Foundation, 2012). For these schools, they only built Dream Centers but never had one Dream Courses there. Such Dream Centers will greatly harm the brand and public image of the foundation. The foundation will put more effort in risk control and rely more on outside partnerships. The criteria for “Directly Invested Dream Center” will be stricter. In 2012, the foundation plans to slow down its growth rate from 97% to 63%.

The other big challenge is the growing operating pressure of the on-going Dream Centers. For one on-going Dream Center, the operation cost is 1,500 dollars/ year. As the current growth rate of the foundation projects, in 2015, the total number of Dream Centers will reach 2500. Such a scale of Dream Centers will require more operating funding and staff. It will also require more

efforts in the training and development of the village teachers. Now the foundation is considering separating its construction and site selection team from the foundation to establish a new nonprofit organization. The foundation still provides funds to the organization, but the organization will mainly develop funds and operate programs on their own. The foundation will focus more on the “soft” part, such as new programs design, platform setting, curriculums development, public education, and investor relationship maintenance.

Conclusion

Cherished Dream Charitable Foundation is serving as an important force in China’s nonprofit sector. Its transparent and efficient operation, clear program logic, and scalable model set new standards for the nonprofit organizations in China. Even in the “winter” of foundations (due to Guo Meimei incident, the public trust toward foundations dropped dramatically in 2011), Cherished Dream Charitable Foundation still embraced an 80% increase in total funding and expenses in 2011. The purpose of this study was to gain a better understanding of how the foundation’s program logic evolved and why the foundation scaled up so quickly. The model and innovations identified in this case study can also be compared with other nonprofits to develop a more comprehensive pattern. Besides, the case of Cherished Dream Charitable Foundation really set up a good example of how nonprofits successfully transfer business techniques and principles to their operation and programs. To follow the future development of Cherished Dream Charitable Foundation would definitely generate more insights and advance research in the fields of scaling up and social entrepreneurship.

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