



UPPING ANTE ■ 18

Alex Mann boosted his investment in Clicktime during the recession.

InterSchola auctions school trash for cash

SNAPSHOT:

InterSchola

HQ: San Francisco.

President and founder: Melissa Rich.

2009 revenue: \$2 million.

2008 revenue: \$2 million.

2007 revenue: \$1.2 million.

Three-year growth: 76 percent.

Sources startup capital: Personal finances and angel investments.

Founded: 2004.

Employees: 5 full-time employees, 20 contractors.

Web site: interschola.com

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S.F. firm sells unwanted stuff for districts, cities

BY ERNESTO MORALES
San Francisco Business Times

Eighteen months ago, the Berkeley Unified School District needed to dispose of excess goods — furniture, kitchen appliances and vehicles were sitting in a warehouse — but getting it hauled away proved too costly.

That's when Melissa Rich of San Francisco-based InterSchola stepped in. Rich's company was able to solve the problem by selling the district's unwanted stuff, making a little money for the district and for her company.

“Those dollars could be used to fund other educational programs for things that they do need money for — like keeping teachers, nurses and buying sports equipment,” said Rich, president and founder of InterSchola, which has grown revenue 76 percent to \$2 million in 2009 from \$1.2 million in 2007.

The San Francisco company takes surplus goods from local school districts and public agencies and sells them through an online auction, with most of the proceeds going back to the organizations. For each completed transaction, InterSchola receives a commission based on the final price of an item sold.

The 25-employee business strategically places together an auction plan for agencies that want to sell their obsolete equipment — items like classroom supplies, desks, chairs, computers, musical instruments and sporting equipment — and then manages the process, which involves taking digital pictures, writing descriptions, marketing the idle assets, and putting the items on eBay.

“What we do is not rocket science, but we hit upon a need within organizations that are under-resourced,” Rich said. “They don't have the people or the time to think about what to do with their old stuff.”

InterSchola handles work for over 325 school districts across California and three East Coast states — New York, New Jersey and Maryland. Among Bay Area clients are school districts in Oakland, San Jose and the San Mateo community college district, and the firm is working with the city of Hayward.

“It goes back to understanding our clients' challenges and the nuances of their needs,” Rich said. “Happy clients bring us other happy clients.”

Since 2005, InterSchola's first full year of operation, the firm has returned between \$3 million to \$3.5 million in revenue to its clients, but Rich said her customers are intrigued with the notion of cutting down on disposal costs.

“We are starting to realize that is just the tip of the iceberg,” Rich said. “It's all about the cost savings in terms of their time, their storage cost and their disposal cost. That is really exciting to our districts.”

Rose Garcia, purchasing manager for the Berkeley Unified School District, praised the firm. “There isn't any-

body else that I know of that does the same thing they do to the extent that they do it,” said Garcia.

Though the 5-year-old company has thrived in a relatively short period, Rich's greatest challenge remains convincing agencies that it is okay to sell materials through an online auction. School districts have to follow the California State Education Code, which details the rules by which K-12 public school districts must handle the sale and disposal of surplus property. Uncertainties about the code sometimes make the districts hesitant when it comes to participating in the company's online auction service.

Still, Tamara Nelson, head of operations at InterSchola, said selling surplus goods not only reduces waste and helps fund school districts, it also benefits the people who buy the goods. Often, those buying the surplus stuff are small business owners who are happy to get a good deal on desks or chairs, for example.

“We are taking goods that otherwise would go to a landfill or sit in a storage facility and are now being repurposed back into the community,” said Nelson. “There are small businesses out there that are buying it to grow their businesses; churches are buying it and people who are basically using it for a hobby.”

Before founding InterSchola in 2004, Rich was a venture capitalist with Intel Capital, where her primary investment focus was deals related to interactive online media. She later spent 3½ years at Classroom Connect, a Brisbane company that integrates technology into school curriculum. While at Connect, Rich wondered what schools did with their unwanted goods.

“I really wanted to provide a service to help them uncover the value of those things that they no longer needed,” Rich said. “Like they say, ‘(one) man's trash is another man's treasure.’”

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