From First Fruits to Abundant Harvest: Maximizing the Potential of Innovative Jewish Start-Ups

BIKKURIM
an incubator for new Jewish ideas

WELLSPRING CONSULTING

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Bikkurim: An Incubator for New Jewish Ideas invigorates Jewish life by nurturing promising and innovative New York City-based start-up Jewish projects with the goal of organizational sustainability. A joint project of the Jewish Federations of North America and the Kaminer family, Bikkurim provides free office space (courtesy of JFNA), start-up capital, intensive organizational development consulting, a strong peer network, and a well-regarded seal of approval. Resident groups are chosen through a competitive application process and may be in the incubator for up to five years. Since its founding in 2000, Bikkurim has helped launch a total of 28 innovative Jewish projects. Further information can be found at www.bikkurim.org.

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Wellspring Consulting works with the leadership of organizations, institutions, and agencies in the nonprofit and philanthropic sectors to improve their decisions about the future – to set strategic direction and build organizational capacity. Wellspring Consulting does this by generating insights from an array of research and data-gathering methodologies, and by facilitating leadership meetings to arrive at solutions that are both aspirational and implementable. Members of the Wellspring Consulting project team included Christopher Keevil, Managing Director, and consultants Rachel Light, Nandeeta Seth, and Elizabeth Brook. Further information can be found at www.wellspringconsulting.net.

Wellspring Consulting

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The following individuals shared thoughtful insights and, in many cases, worked countless hours to see this project through to completion: Aliza Mazor, Felicia Herman, Tamar Snyder, Amy Pollack, Caryn Roman, Shawn Landres, and Emily Sandberg.

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Study Advisory Committee

The Study Advisory Committee was comprised of all funders of the study, several Bikkurim board members, and key stakeholders in the innovative Jewish start-up sector. The committee met once at the beginning of the RFP process, divided into subcommittees during the course of the study, and reconvened at the conclusion of the study for an early release of findings and to shape the final report. The Study Working Group was a subcommittee of the Advisory Committee that met monthly for lengthy working sessions with the Wellspring Consulting team to work through the data, consider its implications, and shape the recommendations.

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From the Chair of the Study Advisory Committee

March 5, 2012

As the Chair of the Bikkurim Study Advisory Committee, a Bikkurim board member, and the executive director of The Natan Fund, a close partner to Bikkurim and one of the funders of this study, it's a great pleasure to introduce *From First Fruits to Abundant Harvest: Maximizing the Potential of Innovative Jewish Start-Ups.*

Bikkurim's choice to celebrate its first decade by producing this report provides the Jewish community with an invaluable gift. The study's researchers, Wellspring Consulting, surveyed the 28 groups Bikkurim has incubated and contextualized their findings with a wealth of reading and 65 interviews with some of the most insightful thinkers in the Jewish philanthropic and non-profit worlds. As an amalgam of all of these insights, *Abundant Harvest* offers a nuanced glimpse into the current state of what has been called the "Jewish innovation ecosystem," the new generation of non-profit organizations, capacity builders, and funders that are reinventing the Jewish community for the 21st century.

Other reports on the innovation ecosystem have demonstrated clearly that start-ups are well on their way to having a profound and transformational effect on American Jewish life. They are helping to build a new Jewish communal infrastructure that can respond dynamically to the needs, values, demographics, challenges, and opportunities of the 21st century. The challenge that the start-ups address – indeed, the starting point of their work – is that most 21st-century Jews, especially in North America, live in free and integrated societies, where Jewish affiliation is voluntary, and where, thanks to technology, the pace of societal change is faster than ever. Indeed, part of what has made the Jewish people so resilient over the years is the kind of adaptability to changing times and circumstances that the start-ups demonstrate.

And yet their success is by no means certain. *Abundant Harvest* elucidates the many factors at play in the volatile, yet incredibly promising first years of new non-profit organizations – factors that can lead to success or failure, and to growth, stagnation, or even closure. It also describes the weaknesses of the current start-up support system, and suggests several ways of making support for start-ups more robust and long-lasting.

Abundant Harvest also focuses our attention in a new place: on the "post-start-up years," the "awkward adolescence," as Bikkurim Board Chair Martin Kaminer often calls it, of organizations that are no longer start-ups and yet are by no means mature organizations. These organizations face their own unique challenges, require different sorts of organizational supports, and – in most cases – substantially larger sums of money.

Bringing a new world into being is simply a very difficult thing to do. It requires a wealth of thought, stamina, creativity, and leadership; a great deal of experimentation and risk-taking; a high tolerance for messiness; a broad and nuanced understanding of impact; and sometimes an acceptance that even good things must come to an end. And yet the opportunities are so vast. The start-ups and those who support them are engaged in holy work: building a Jewish world that we can all be proud of, and that our children can inhabit with joy and meaning.

If there is an agenda behind this study, it is to demystify the lifecycle and needs of start-ups and post-start-ups and to encourage more funders and support organizations to enter this brave new world. For despite all of the hype in the Jewish community about start-ups and innovation, only a handful of incubators and support organizations are devoted to start-ups and social entrepreneurs, and most of them are as resource-constrained as the organizations they support. At the same time, while more funders begin experimenting with "funding innovation" each year, there are still very few federations, foundations, or major individual Jewish donors who are yet willing or equipped to substantially support new, small organizations for the long haul. If the Jewish community in aggregate is serious about funding new ideas, then serious, major new supports need to be built into the system to enable start-ups and post-start-ups to reach their full potential.

More than anything, this study and the rich learning it pulls from Bikkurim's experience is a testament to the unflagging commitment to incubating start-ups demonstrated by the funders, board, and staff of Bikkurim, in particular Martin Kaminer of the Kaminer Family Foundation, Bikkurim Executive Director Nina Bruder, and Program Director Aliza Mazor. They know better than anyone the challenges facing start-ups and post-start-ups, and they believe more than anyone in the incredible opportunities new organizations offer to the Jewish world. There are few such trusted figures in the Jewish non-profit world as Martin, Nina, and Aliza. It is an honor to work with them, and a true pleasure to invite you to explore some of the wisdom that derives from the fruits of their labors.

Felicia Herman

From the Managing Director of Wellspring Consulting, LLC

March 5, 2012

This report presents findings and recommendations informed by our research and planning engagement with Bikkurim.

We were moved by the passion, creativity and energy evident in the array of organizations and individuals we investigated across the Jewish community in general and the Jewish social innovation sector in particular. We greatly enjoyed working with Bikkurim over the course of our engagement, including its board members, staff members, and advisors, who brought such warmth, skill, and passion to the endeavor.

In the course of our work we drew upon our own extensive knowledge of the secular social innovation sphere, coupled with further research into this arena to inform the recommendations that were developed for this report. It is our observation that best practices learned in one area of endeavor can often be insightful and instructive to another.

In over 25 years of consulting, we have learned that the data-gathering methodologies used in this engagement are effective and reliable ways of gaining a sufficiently accurate picture of the relevant conditions and key strategic opportunities within a field. Thus the findings presented in this report drawn from our survey of past and present Bikkurim incubatees, in tandem with the in-depth interviews with leaders, funders, and experts in the field, complemented by our knowledge base of the secular social innovation sphere, can be considered as applicable to the broader Jewish community beyond Bikkurim and New York.

We hope that the dissemination of this report will encourage the use of effective practices in support of Jewish social innovation and the furtherance of start-up and post-start-up organizations in the Jewish community.

We sincerely wish that you find use and value in what is contained here, and that this report helps you to further your own goals, and the goals of the organizations you serve.

Christopher Keevil

From the Immediate Past Chair, Gen i Task Force Commission on Jewish Identity and Renewal UJA-Federation of New York

March 5, 2012

With our unwavering commitment to building vibrant Jewish communities, UJA-Federation of New York is thrilled to have been a part of this important research. Bikkurim has been a pioneer in the efforts to support entrepreneurial approaches to Jewish life. They have helped turn promising people and compelling ideas into functioning organizations, each of which has changed the way Jews practice and express Judaism around the world. Our mutual support of a host of local organizations has helped foster the development of a new Jewish communal landscape in New York wherein long-established institutions and new grassroots organizations exist and function side-by-side.

As these organizations continue to grow and the landscape continues to change, new challenges and opportunities have arisen. The findings in this report provide important insight and instruction not only for UJA-Federation of New York, but for those entrepreneurs, start-ups, post-start-ups, capacity builders, federations, foundations, and others, who are dedicated to fostering a new generation of innovative Jewish ideas. This is a time of rapid change and in order to ensure the strength and vitality of the Jewish community, it is critical for us to understand how to support, sustain, and encourage innovation wherever it emerges.

It has been a privilege to be a part of this research with Bikkurim, Wellspring Consulting, and the other partners, and it has been exciting to watch it unfold. We look forward to continuing the important conversation this report has sparked.

Laurie Blitzer

From the Chair of the Bikkurim Board of Directors

March 5, 2012

It is with great excitement that we share with you this report, the result of years of effort and investment by a family of organizations that have in turn committed more than a decade and many millions of dollars to the projects described herein. This analysis was truly "self-inflicted"– undertaken by those most deeply immersed in supporting innovation and social entrepreneurship in the Jewish community to better understand what we've achieved, what we've learned, where we're falling short, and where we can improve.

It is clear that the challenge of supporting the next generation of great Jewish institutions through their childhood and awkward adolescence is too great for any single agency, organization, community, or funder to achieve. Success will require extensive and enduring collaboration, not something for which the philanthropic community has historically demonstrated much aptitude. However, the singularly successful experience of partnership which gave rise to this report is, we believe, a good indication for the future. We hope the values, commitment, and *derekh eretz* we have demonstrated to one another has created a foundation on which to build as we face the challenges ahead.

We now share the fruits of this effort with you, the broader Jewish community, and hope you'll not only find the study relevant to your work but also share your reactions and ideas with us as we move forward together toward a vibrant and robust Jewish future.

Martin Kaminer

Executive Summary

The Jewish community – along with the rest of the world – is living through a period of rapid transformation. A critical element of this transformation is the recent proliferation of Jewish non-profit start-ups that are reconceptualizing the notion of Jewish community in profound ways. Some have the potential to make a lasting positive impact if given the proper resources.

Start-ups can take many paths and reach many different stages of organizational growth. Some organizations never need to grow beyond a certain size and others eventually close. Some start-ups, however, do make it to the "post-start-up" stage of organizational life. Post-start-up organizations have different characteristics and face different needs than they did in the start-up stage. They present a new set of challenges for the funders and capacity-building support organizations that assist them.

The Jewish community is now faced with the new, significant, and exciting challenge of supporting and integrating the most promising post-start-ups in a systemic way. Currently, the Jewish community offers very little support specifically geared toward post-start-up needs, nor are those needs broadly understood by funders, capacity builders, and even by the organizations themselves.

This study focuses on those start-up and post-start-up organizations, few in number but strong in transformative potential, that are poised to make a significant contribution to the Jewish community. It sheds light on the unique needs and opportunities of both start-ups and post-start-ups in the Jewish community and the challenges they face as the innovative Jewish start-up sector matures. It calls attention to the severe drop-off in communal support that occurs as start-ups grow into the post-start-up stage, when both budgets and potential for impact are greater. It also suggests that some of the most successful high-growth-potential organizations are actually failing to grow at a healthy pace, not because they lack traction, demand for their services, or strong leadership, but rather because they lack financial and capacity building support that could help them to scale their impact, support that is often available to non-profits outside of the Jewish community. Finally, this report provides useful direction on how the three critical players in this sector – funders, support organizations, and the new organizations themselves – can work together to advance those initiatives with the greatest potential to transform the Jewish community.

Bikkurim and its partners throughout the Jewish community see exciting opportunities in the new organizations that are reimagining Jewish life in a celebratory and dynamic fashion. This report is a call to action to support and enable the most promising innovative Jewish start-ups and post-start-ups to realize their potential in building a vibrant and relevant Jewish community for the 21st century.

Key Findings

Finding #1

It takes a minimum of $100,000 per year to fully launch a start-up with high growth potential.

This can be all cash or a combination of cash, program revenues, and in-kind services. Anything less than $100,000 forces compromises in staffing, workspace, or program development and delivery.

Finding #2

Start-up budgets grow very rapidly in their early years, but healthy budgetary growth is not always linear.

Start-ups can reach a budget of $750,000 by year seven; over $1 million by year 10; and well over $2 million by year 14.

Finding #3

Nine elements contribute to organizational growth along the continuum of organizational lifecycle stages.

- Strong leadership
- Stakeholder growth and diversity
- Staff growth and differentiation of roles
- Board growth
- Clear mission and vision
- Program expansion / demand for service
- Funding growth, diversification, and stability
- Strategic partnerships
- Visibility

Finding #4

Any one of eight obstacles can act as a barrier to growth.

- Executive director transition
- No increase in the circle of stakeholders
- Board in-fighting or lack of alignment with executive director
- Lack of staff growth
- Program stagnation; no momentum
- Uncertain growth plan
- Inadequate attention to infrastructure
- Inadequate funding

Finding #5

Start-ups and post-start-ups have different organizational development needs.

Finding #6

While some capacity building and funding are available in the start-up stage, there is a drop-off in both at the post-start-up stage.

Finding #7

In the Jewish community, capacity building and funding, for both start-ups and post-start-ups, are disaggregated. Outside of the Jewish community, capacity building and funding are often combined.

Finding #8

The absence of strong coordination among funders, among capacity builders, and between funders and capacity builders contributes to confusion, redundancy, and gaps in the field.

Recommendations

Recommendation #1
Ensure the availability of funding at levels needed for start-ups and post-start-ups to thrive.

The budgetary benchmarks detailed in Findings 1 and 2 can serve as useful guidelines to understanding the funding levels at which healthy start-up and post-start-up organizations can grow. Organizations themselves must also make sure that they are worthy of larger investments. They need to run efficiently and effectively, develop strong fundraising capabilities, and follow the best practices outlined in Finding 3.

Recommendation #2
Establish a new communal function to support post-start-ups.

There is a need for a new communal function to provide substantial funding, consulting, and capacity building support to high-performing and high-potential post-start-up organizations that are poised for growth. This could be structured as a separate organization, a collective, or as an initiative or project of an existing organization. Secular models of dedicated funding for growth and scaling can be instructive.

Recommendation #3
Ratchet up the use of "best practices," especially regarding measuring impact.

Innovative Jewish start-ups and post-start-ups will grow more steadily and healthily if they achieve the elements of growth outlined in Finding 3 and embrace other "best practices" such as investing in organizational infrastructure and prioritizing the use of impact measures. The support organizations and funders of the innovative Jewish start-up sector can play an important role in creating a culture in which best practices, especially in the area of impact measurement, are put into place.

Recommendation #4
Increase collaboration among the key players in the innovative Jewish start-up sector.

Key players in the innovative Jewish start-up sector can work together in a number of ways to advance the most promising start-up and post-start-up organizations. True collaboration would bring the most benefit to the community but may be difficult to achieve. In the cases where collaboration is not attainable, working together in lesser degrees of partnership can still achieve important results.

Introduction

The Jewish community – along with the rest of the world – is living through a period of rapid transformation, one that may well appear pivotal when seen through the lens of history. Technological innovations have enabled new forms of communication and community, resulting in increased self-organizing, decentralization of authority, and less reliance on central community-building institutions. Affiliation with established Jewish organizations and communal structures is waning considerably.[1]

Notions of identity, too, have radically transformed over time. Young Jews increasingly experience multiple identities, where "Jewish" is one identity a person might have, but not necessarily the dominant one.[2] It is also easier than ever to reach people through networks and share information, strategize collaboratively, and make change together.

Reflecting these massive societal and individual changes, many 21st century Jews are developing new modalities for expressing themselves Jewishly, reflecting their values, interests, needs, and the vast opportunities available to them for connecting to Jewish life – and to other Jews – in new ways.

A critical element in this transformation of Jewish life is the proliferation of Jewish non-profit start-ups bringing innovative ideas and approaches to the Jewish community. During the past decade, approximately 600 new initiatives have been launched in North America with an estimated audience of more than half a million people, and the phenomenon appears to be accelerating despite a severe economic recession.[3] As recent research by Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation has clearly demonstrated, the start-up sector has become a small but mighty force in the North American Jewish community.

Jewish non-profit start-ups are transforming Jewish life in profound ways. They offer new ways to engage Jewishly and provide new portals for Jewish expression. They reach disaffected audiences as well as committed Jews who want to fuse their secular interests with their Jewish interests. From promoting social justice as a central expression of Judaism to celebrating Jewish art and culture to linking a passion for the environment to Jewish tradition, start-ups provide hundreds of new entry points into Jewish life for Jews of all ages. Some start-ups form new spiritual communities; some address critical health issues; and some focus on embracing disenfranchised Jews from a wide variety of backgrounds, including multicultural Jews, LGBTQ Jews, Jews with disabilities, and interfaith couples and families.

Though they carry out their missions in diverse ways, the start-ups overwhelmingly focus on the twin goals of building Jewish community and deepening Jewish identification. They approach community-building not from the starting points of shared communal tragedy and discrimination that have united previous generations of Jews, but rather from a positive and proactive relationship with Jewish values and tradition. They integrate positive aspects of Judaism with contemporary society; they are not necessarily Jewish-only in focus, but are infused Jewishly throughout.

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1 Steven M. Cohen and Ari Y. Kelman, *The Continuity of Discontinuity: How Young Jews Are Connecting, Creating, and Organizing Their Own Jewish Lives* (New York: Andrea and Charles Bronfman Philanthropies and 21/64, 2007).

2 Anna Greenberg and Jennifer Berktold, *"Grande Soy Vanilla Latte with Cinnamon, No Foam..." Jewish Identity and Community in a Time of Unlimited Choices* (New York: Greenberg Quinlan Rosner with Reboot, April 2006).

3 Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation, *The Jewish Innovation Economy: An Emerging Market for Knowledge and Social Capital* (Los Angeles and New York: Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation, 2011).

Many of the most successful start-ups are nimble and responsive; they utilize the newest communication and networking tools to build community and focus on innovation and experimentation. They are creative, contemporary, and reflective of current interests. The social entrepreneurs who create new Jewish non-profit organizations are passionate, energized leaders seeking to fill holes in the community and in their own lives. They are in pursuit of Jewish expression, services, or approaches that they cannot find elsewhere. They are grassroots leaders who pursue their passions and in doing so attract others with similar interests and needs.

While some long-established organizations are also adapting to changing demographics, communal patterns, and modes of communication, over the past decade innovative Jewish start-ups have formed an epicenter of energy that is playing a critical role in addressing rapidly changing communal and individual needs. Experts from across the Jewish communal spectrum interviewed for this study recognize that innovative start-ups add a great deal of value to the Jewish community, primarily through the creative programmatic and advocacy work they do and through the growth and development of opportunities that they offer to a new generation of Jewish professionals. As one field expert remarked, "Jewish culture has been one of assuring continuity by ensuring change – start-ups embody and provoke Jewish cultural change."

Start-ups also provide significant value to established Jewish communal organizations as catalysts for change. With their proximity and responsiveness to the grassroots – to the "Jewish street" – start-ups can draw attention to emerging needs, interests, and populations, enabling established organizations to take a fresh look at their own work and to consider new possibilities. They provide a "research and development" function for the community writ large, serving as test labs for creative ideas and bringing to the broader community refined opportunities for communal engagement. They also teach risk-averse established organizations about the value of taking chances. Over time, a handful of Jewish communities have begun to understand the value of nurturing local start-ups, as evidenced by the increase in the past few years in the number of local Jewish federations that have established funds or entrepreneurship programs to support innovation in their communities. This clearly demonstrates increasing buy-in from the established organizations about the value of innovation and start-ups.

Complementing and in many ways enabling the growth of the start-up sector, a small group of incubators and capacity builders, such as Bikkurim, have emerged over the past decade to provide consulting, trainings, leadership development, shared office space, and peer communities to the start-ups. It is in part due to the efforts of these "support organizations," as they are referred to in this report, that the Jewish innovative start-up sector has developed so substantially in recent years.

"Jewish culture has been one of assuring continuity by ensuring change – start-ups embody and provoke Jewish cultural change."

– Field Expert

Yet despite these positive advances, the success of the innovative start-up sector is by no means assured. While start-ups, by definition, are not yet stable institutions, their support organizations are also start-ups, having grown up alongside the organizations they have helped, and they often experience the same instability and growing pains. Funding for both the start-ups and for the support organizations has been limited in both size and duration, and the start-ups and support organizations have even had to compete with each other for the limited amount of funding available to innovative organizations. Moreover, while the start-up sector's semi-independence from the institutional core of the Jewish community has proven necessary and advantageous in many respects, it has also meant that the sector has been somewhat isolated from the larger and longer-term funding and support offered by Jewish federations and more established Jewish institutions. This is beginning to change as more established communal organizations experiment with deliberate efforts in innovation.

Commonly Used Terms and Definitions

See Appendix for a more complete list of definitions.

(Social) Innovation

"A novel solution to a social problem that is more effective, efficient, sustainable, or just, than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals."[5]

Start-Up

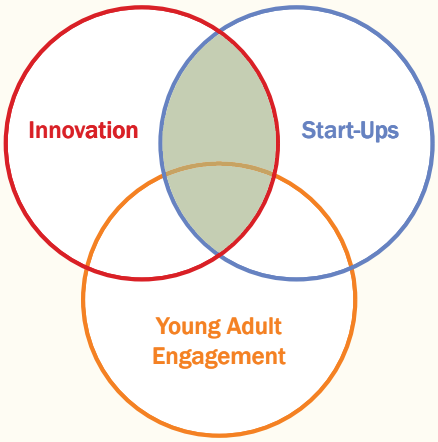
A start-up organization is in its earliest stages of development. It typically has a founder with a vision or idea but has just begun to establish a funding stream, employee structure, business model, and practices and approaches. Its programming is highly experimental.

Post-Start-Up

Typically, an organization can be seen as entering the post-start-up phase when it has been in existence for more than seven years, has established a track record of funding, engaged a set of people in defined roles, formed a board, written a set of policies, and defined its business model. The phrases "post-start-up," "mezzanine stage," and "second stage" are often used interchangeably.

Sustainability

The capacity to endure — to have steady and reliable sources of funding and stable systems that enable an organization to achieve its mission and have impact over time. Sustainability in the non-profit (or social) sector does not imply financial independence from all philanthropic funding sources, nor does it mean profitability based solely on earned revenue.



It is important to note that "innovation," "start-up," and "young adult engagement" do not share the same meaning, though the words are often used interchangeably. Innovation can take place inside and outside of start-ups, and not all start-ups are innovative. Likewise, not all start-up entrepreneurs are young, and not all start-up organizations target young people; in fact, a number of the most successful initiatives cater to a multi-generational audience. It is worth noting that even within this small subsector of the Jewish community, different stakeholders in this sector have priorities in different areas.

This study focuses only on the intersection between "innovation" and "start-ups" and includes young adult engagement to the extent that it fits into these two categories. The term "innovative start-ups" is used to refer to those organizations that fit into these overlap categories.

Of course, it is the nature of start-ups to experience instability. Across the organizational lifecycle continuum, a Darwinian process – the survival of the fittest – is constantly at work. Some initiatives never fully launch; some get started but fail to achieve momentum and close.

Others, however, gain traction over time, raise initial funding, reach their programmatic targets and begin to grow rapidly. These organizations get the chance to refine their programs, build out a community of interested stakeholders, and develop a strong program prototype. By the end of the start-up phase (often around the seventh year), they are poised for significant growth. At this point they enter what this report calls the "post-start-up" stage of organizational life.[4] According to the findings of this study, this stage

4 See sidebar and Appendix for a definition of "post-start-up" along with definitions of other key terms.
5 James A. Phills Jr., Kriss Deiglmeier, and Dale T. Miller, "Rediscovering Social Innovation," *Stanford Social Innovation Review* 6, no. 4 (Fall 2008).

of organizational development typically begins in year eight and can last through year fifteen.

Few organizations make it to the post-start-up stage. Many of those that do are strong in transformative potential, ready to carry forward their sharpened sense of purpose, mission, and strategy if given the proper resources.

In the Jewish community, a cohort of organizations at this stage has emerged in recent years. These organizations face different organizational needs than they did in the start-up phase and present a new set of challenges for the funders and capacity-builders who want to support them – and who may have already invested deeply in them. The Jewish community is now faced with the new and significant challenge of advancing the most promising post-start-ups and integrating them into the community in a systemic way. While there is relatively more understanding of and support for start-ups in the Jewish community than there was when Bikkurim started ten years ago, there is little to no dedicated support to address the particular needs of the post-start-ups – nor are those needs broadly understood by funders, capacity builders, and even by the organizations themselves.

Each player in the Jewish community – start-ups, post-start-ups, support organizations, funders, and established organizations – has a unique role to play in the continued growth of the post-start-ups. Enabling innovations to truly take root in the Jewish community requires an understanding both of the differences between start-ups and post-start-ups, and of the different types of supports (financial, organizational, and otherwise) that are needed to enable organizations across the lifecycle continuum to grow. What is at stake is nothing less than a strong, dynamic, and vibrant Jewish future.

This report aims to shed light on the unique needs and opportunities of both start-ups and post-start-ups in the Jewish community today and on the struggles they face as the innovative Jewish start-up sector matures. It provides crisp definitions of commonly used language related to the field. It identifies best practices and obstacles that can help or hinder emerging initiatives, and it offers a set of distinct expansion models for post-start-ups to consider as they develop their growth strategies. The report also analyzes the communal support system surrounding new initiatives – the capacity building support organizations that incubate, cultivate, and help launch the start-ups as well as the funding mechanisms that keep them afloat.

Importantly, the report also calls attention to the severe drop-off in communal support that occurs as start-ups grow into the post-start-up stage – a stage when both budgets and potential for impact are greater. While some organizations do not intend or need to grow beyond a certain size (given the nature of their target audience or their work), many others do have the potential to grow larger and to make a significant and lasting positive impact on the Jewish community. This report suggests that even some of the most successful of the high-growth-potential organizations are failing to grow at a healthy pace, not because they lack traction, demand for their services, or potential for growth, but rather because they lack financial and capacity building supports that could help them scale their impact, supports that are often available to non-profits outside of the Jewish community.

Finally, this report provides useful direction on how the three critical players in this sector – start-ups and post-start-ups, funders, and capacity builders – can work together to advance those initiatives with the greatest potential to transform the Jewish community.

Bikkurim and its partners throughout the Jewish community believe that a significant part of the Jewish future rides on the shoulders of the innovative non-profit start-ups and post-start-ups that are reimagining Jewish life in a celebratory and dynamic fashion. This report is a call to action to support and enable the most promising innovative Jewish start-ups and post-start-ups to realize their potential in building a vibrant and relevant Jewish community for the 21st century.

Methodology

The 10th anniversary of Bikkurim: An Incubator for New Jewish Ideas served as the impetus for this study. Bikkurim – itself a post-start-up organization that incubates innovative start-ups – sought to celebrate this milestone by providing the Jewish community with field research and insight on the growth trajectories of Jewish start-ups and post-start-ups. As some of the groups incubated by Bikkurim were reaching their own 10th anniversaries, it became clear that their needs had changed and their organizational growth had become more nuanced. It also became clear that uncharted territory lay ahead for the innovative start-up sector and that all of the stakeholders needed to understand better where the sector is headed and how to pass successfully through this new stage.

A series of conversations with the Bikkurim board of directors and key leaders in the Jewish community led to the idea of this study. An ambitious undertaking, the study was guided by four framing questions:

1. What lessons has the Jewish community learned about the characteristics, growth trajectories, and needs of non-profit *start-ups*? What has Bikkurim learned after 10 years of incubating innovative Jewish start-ups?
2. What are the characteristics, growth trajectories, and needs of *post-start-ups*? How do post-start-ups differ from start-ups?
3. In what ways is the *Jewish community* meeting the needs of Jewish start-ups and post-start-ups? In what ways is it not? How can the Jewish community advance the post-start-up field and, in turn, advance the Jewish community?
4. What role, if any, does *Bikkurim* want to take in advancing post-start-ups?

This report addresses the first three questions. A separate set of recommendations was prepared for Bikkurim to consider in its own planning process.

Anchored by thought partnership and a lead grant from UJA-Federation of New York, Bikkurim assembled a group of additional funders and an advisory committee and contracted with Wellspring Consulting, LLC to conduct the research for this report during a five-month period beginning in November 2010 and concluding in April 2011. Wellspring brought a wealth of expertise and experience from its previous work with non-profits and funders outside of the Jewish community. They employed the following research methods:

- Survey of all Bikkurim past and present incubatees (25 out of 28 responded)
- In-depth interviews with 15 people representing 13 Bikkurim past or present incubatees
- Interviews with 7 members of Bikkurim's staff or board
- Interviews with 11 directors of Jewish and secular organizations with high or high-potential growth patterns
- Interviews with 12 Jewish and secular capacity builders that work with start-ups and post-start-ups
- Interviews with 7 Jewish communal field experts
- Interviews with 13 funders in the Jewish community, including both federations and foundations

A complete list of interviewees is included in the Appendix of this report.

Wellspring Consulting's premise based on past experience was that the combination of a survey plus a small number of in-depth interviews with key, thoughtful experts in the field could successfully convey a full picture of the sector, despite the relatively small sample.

Research was supplemented with investigations of 30 other organizations, including Jewish, secular, non-profit, and for-profit organizations, plus funders, capacity builders, and consultants. Additional research included a review of best practices in the field, reading of over 80 relevant publications, web research drawing upon approximately 100 websites, and Wellspring Consulting's knowledge from previous engagements.

Report Audience

This report is intended for the current innovative Jewish start-up sector as well as the broader Jewish community. It presents data and recommendations related to funders and federations, Jewish institutions, support organizations, and start-up and post-start-up organizations.

- Funders and federations – Many in the funding world have expressed a desire to better understand the funding needs of start-up and post-start-up organizations, the amount of funding start-ups and post-start-ups need, and the non-financial needs of start-ups and post-start-ups that funders can help address. Federations, an important subset of funders, play a critical and unique role in supporting innovative start-ups and post-start-ups through at least two funding roles: 1) grant pools focused on innovation; 2) federations' long-standing model for defining communal priorities and allocating communal resources annually.
- Capacity-building support organizations – A number of organizations currently provide support services such as incubation, organizational consulting, and office space to Jewish start-ups. This report recommends ways that these organizations can continue their work with greater efficiency and efficacy.
- Innovative start-up and post-start-up organizations in the Jewish community – This report highlights some of the key ingredients for success, obstacles and pitfalls, and needs of new, emerging, and young non-profit organizations. It also defines several different geographic growth strategies and a set of conditions under which each is best employed.

Notes

What this study does not address

While this study identifies a cluster of characteristics necessary for start-ups to thrive as well as an assortment of pitfalls that could hamper their growth

What this study DOES address	What this study DOES NOT address
• Innovative start-up and post-start-up non-profit organizations (2 – 15 years old)	• Idea-stage, concept papers not yet launched • Mature organizations undergoing revival • Intrapreneurship – innovative initiatives housed within existing organizations • Specific target audiences (e.g. 20's/30's, seniors, young families)
• High growth potential	• No intention or need to grow
• Staffed	• All volunteer
• Founder-driven	• Funder-driven

and cause them to struggle, there is no exact formula or model for this work. No two organizations look the same; every organization follows its own unique path and pace. Locally-focused start-ups – such as independent *minyanim* (prayer groups), farms, or volunteer-driven initiatives – often have no need or intention to scale their efforts or grow beyond a certain size, scope, or budget. Such organizations are not the focus of this study. Similarly, this study does not include initiatives that are funder-founded, heavily capitalized from the beginning, and therefore able to scale up rapidly (e.g., Birthright Israel).

What this study *does* focus on is those start-up organizations that originate at the grassroots and have the greatest potential for a significant positive impact on the Jewish community on a national scale. This study explores the growth trajectories of those organizations with broad transformative potential, whose growth plans include professionalization and wide geographic reach.

Timing of this study

The research for this study concluded three months before JDub Records (a Bikkurim alumnus) announced that after nearly nine years of operation it would close. JDub's closing has much to teach us and many of the themes that emerged from JDub's closure are echoed in this report. However, since this research was conducted before JDub's announcement, this report does not discuss JDub's closure in detail.

Continuum of growth stages

For the purposes of this study, start-ups and post-start-ups are split into two separate groupings to identify the key characteristics of each stage. In reality, however, an organization's movement along the continuum of lifecycle stages is rarely this clearly delineated. Different organizations reach different milestones on their own respective timelines. No two organizational growth patterns look exactly the same.

Bikkurim group data is generalizable beyond Bikkurim

Findings in this study are based on data from New York City-based Bikkurim incubatees, supplemented by a series of case studies and interviews with carefully selected experts from across the country, both inside and outside of the Jewish community, as well as with funders and leaders in the broader Jewish community nationally. Wellspring Consulting, Bikkurim, and the sponsors of this study believe that these findings suggest many themes that are broadly applicable beyond Bikkurim and outside of New York. Although some of the details may vary across geographic locations (especially some financial details), and although Bikkurim groups do not provide a representative sample of the entire sector, there is much from this study that is applicable broadly.

Findings

Finding #1

It takes a minimum of $100,000 per year to fully launch a start-up with high growth potential.

This can be all cash or a combination of cash, program revenues, and in-kind services. Anything less than $100,000 forces compromises in staffing, workspace, or program development and delivery.

Budget data from Bikkurim groups indicate that it takes a minimum of $100,000 to fully launch a start-up that has high potential for growth.[6] Bikkurim groups, on average, first reached this funding level in year two of organizational life. National Jewish start-up data show that outside of New York, this number may be lower because of differences in salaries and expenses.[7] In the secular sphere, capacity builders for start-ups, many of which are national in scope – including Ashoka, Blue Ridge Foundation, Echoing Green, and the Draper Richards Kaplan Foundation – generally provide approximately $100,000 per year for two to five years to the start-ups they support. The $100,000 covers the following expenses:

- Executive director salary
- Support-staff salary
- Office space, website development, and supplies
- Program development and delivery

It is possible to launch a start-up for less than $100,000, but it necessitates tremendous sacrifice. As it is, many start-up founders live off their savings or personal credit cards in the early months of their venture, move back in with their parents, or take on additional job(s) to pay their bills. Start-ups that can cover some of their costs through in-kind services (e.g., free office space) need to raise less money.

Finding #2

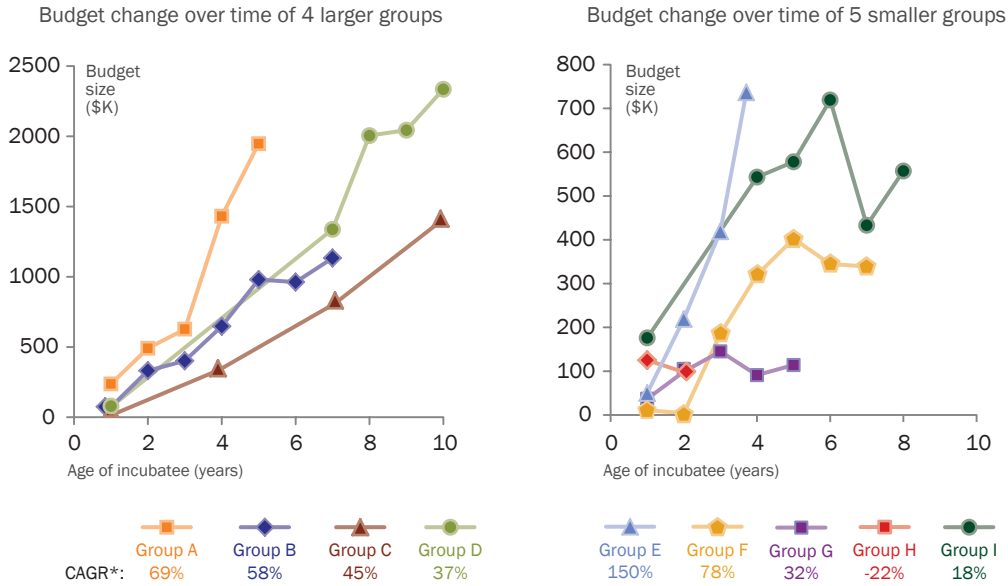
Start-up budgets grow very rapidly in their early years, but healthy budgetary growth is not always linear.

Start-ups can reach a budget of $750,000 by year seven; over $1 million by year 10; and well over $2 million by year 14.

Data points from the budgetary information provided by nine Bikkurim incubatees indicate that the groups experienced an average compounded annual growth rate (CAGR) of 52% during the start-up stage (years one through seven) and a rate of 20% in subsequent years.

6 Nine Bikkurim groups shared multiple years of budget data with Wellspring Consulting.
7 Based on Jumpstart's analysis of data from peer North American respondents to the 2010 Survey of New Jewish Initiatives (Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation).

Budget Growth Patterns of Bikkurim Incubatees



Source: Budgets provided by Bikkurim incubatees and Wellspring analysis
* Compound Annual Growth Rate

Wellspring Consulting utilized this budget data from Bikkurim's groups to create a stylized budget growth model to extrapolate a potential growth trajectory for Jewish start-ups and post-start-ups (see p. 22). This data was corroborated by analysis of peer organization budgets across the country.[8]

It is important to note that the stylized budget growth model offers descriptive rather than proscriptive benchmarks. An organization not on the curve is not necessarily underperforming; many small volunteer-driven start-ups have no plans (or need) to expand beyond the small budgets of their launch. Also, budget size is not necessarily indicative of relative importance; a start-up can have a small budget yet wield great impact on the community that it serves – some kinds of work simply cost less than others.

That said, an organization's budget can be a useful, concrete measure of growth, particularly when growth is a key goal of the organization and its supporters. While any one organization is unlikely to conform to this exact growth trajectory, this stylized budget growth model does provide a useful "rule-of-thumb" in understanding start-up and post-start-up growth along the continuum.

A high-potential, high-growth start-up that follows this stylized growth trajectory begins with a $100,000 budget in year two, grows 2.5 times in size by year four, doubles again by year six, and by year seven has an annual budget of $750,000. This means that by the end of the start-up stage, an organization can have a budget seven times its initial size. This quick growth requires a steady increase in funding, a challenge that is discussed in more detail in Finding 6.

A post-start-up's budget grows considerably as well. While the median annual budget for start-ups is $250,000, based upon the stylized growth model, a

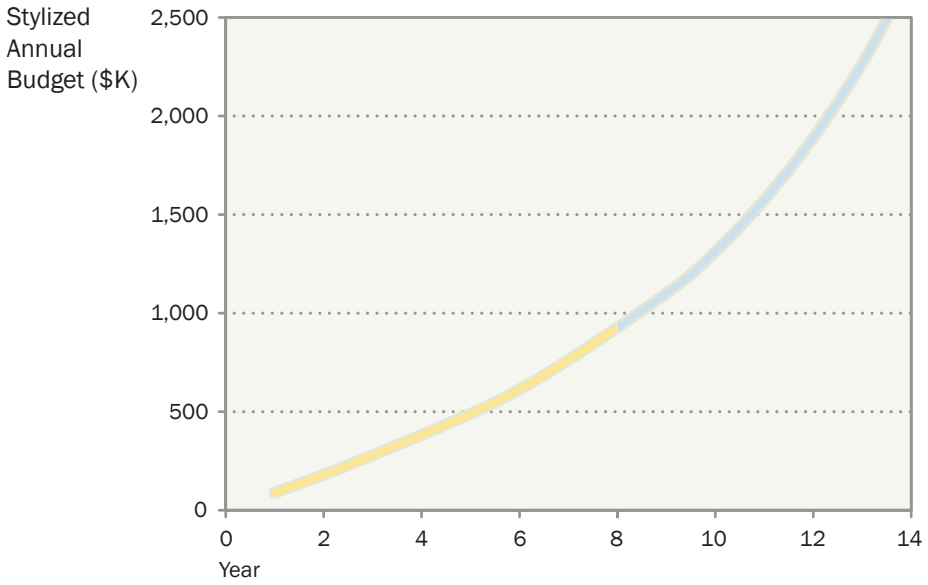
8 Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation, *The Jewish Innovation Economy: An Emerging Market for Knowledge and Social Capital* (Los Angeles and New York: Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation, 2011).

Stylized Budget Growth Model for High-Potential and High-Growth Organizations

Based on:

- Data from 9 Bikkurim incubatees
- 61 Jewish start-ups surveyed by Jumpstart as part of the 2010 Survey of New Jewish Initiatives in North America*
- Wellspring's experience with high-growth non-profits

	Year**	Compound Annual Growth Rate	Stylized Budget***
Median annual budget for start-ups: $250,000	1	50%	$65
	2		$100
	3		$150
	4		$250
	5		$350
	6		$500
	7		$750
Median annual budget for post-start-ups: $1.5 million	8	20%	$900
	9		$1,100
	10		$1,300
	11		$1,500
	12		$1,900
	13		$2,300
	14		$2,700



* Based on Jumpstart's analysis of data from peer North American respondents to the 2010 Survey of New Jewish Initiatives (Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation).

** End of year

*** Stylized budget is rounded off to the nearest $50,000 or $500,000

post-start-up can reach a budget of $1.1 million before year 10. While the budgetary *growth rate* slows to 20%, the actual *dollars* needed per year are much larger. By year 14, a post-start-up's budget may well exceed $2 million. In short, a post-start-up organization needs significant support, both financial and in-kind, to continue to grow, even though it might appear to be "growing more slowly" than in the start-up stage.

Finding #3 Nine elements contribute to organizational growth along the continuum of organizational lifecycle stages.

Thriving start-ups and post-start-ups tend to have the following nine characteristics simultaneously:

- **Strong leadership**
- **Stakeholder growth and diversity**
- **Staff growth and differentiation of roles**
- **Board growth**
- **Clear mission and vision**
- **Program expansion / demand for service**
- **Funding growth, diversification, and stability**
- **Strategic partnerships**
- **Visibility**

Strong leadership is one of the hallmarks of a thriving organization. Successful leaders of start-up and post-start-up organizations are visionary, dogged, and incredibly hard-working people who are not timid when it comes to fundraising.

Stakeholders help an organization grow in visibility and funding by broadening the base of support and building a team of ambassadors for the organization. "We've found that a good introduction [between the organization and a potential donor] is critical to people listening to what we have to say," noted the founder of a secular post-start-up organization.

A thriving organization entering the post-start-up phase has to **increase its staff** and begin to **differentiate roles**, freeing up the executive director to focus his or her efforts on fundraising and/or program growth.

As the organization grows, the **board** composition must begin to change as well, from "friends and fans" of the initial founder to a more diversified group that can provide the organization with what some governance experts have dubbed "wealth, wisdom, and work," or "time, treasure, and talent." In addition, a post-start-up board grows in its sense of ownership over the organization, the sophistication of its governance function, and its sense of responsibility for the organization's financial wellbeing.

A **clear mission and vision** are necessary for an organization to grow. The organization needs to make the case that it fulfills a real (though often latent or unrecognized) need within the community. "You need real content – leadership can only take you so far," one expert in the field remarked.

High-growth-potential organizations that are thriving **expand their programs,** either by increasing the number of participants they serve or increasing the number of programs, or both. Demand is often what prompts growth. It is almost impossible to reach a new audience if there is no demand from that community (both from participants and donors), although sometimes – though infrequently– demand can be created. Technology can enable organizations to be "national" without having multiple offices (see p. 25 for various models of geographic growth).

A thriving organization **increases and diversifies its funding base** to keep up with its budgetary growth. It is a well-known axiom in the non-profit world that support from one funder often leads to support from other funders. As one start-up leader said, "The more foundation support you get, the more you get. It's the same with individual donations – people want to know what [causes] other people are giving to."

A grant from a well-known funder or large foundation offers an organization a valuable seal of approval, indicating that the organization has successfully undergone a serious vetting process and, in the eyes of that funder, is a viable organization with potential. The credibility that the organization gains from a key grant is often as critical to its future growth as the actual funding it receives.

Yet an over-reliance on a small number of funders will

eventually weaken an organization. To minimize risk and increase financial sustainability, successful organizations begin to increase and diversify their funding base, including cultivating individual donations with a focus on annual gifts that will ultimately lead to major gifts. Self-generated revenue from fees or product sales can reduce reliance on funders, although not all organizations have something they can "sell."

The most successful organizations create **strategic partnerships** with other organizations that are aligned with their mission. These partnerships often help them secure more funding and increase their visibility and potential impact while also leveraging the finite resources each organization has to offer.

Visibility can come in many different forms, from articles in local, Jewish, and national media to events featuring a well-known personality. In addition, capacity builders and funders can play a key role in advocating for the organizations they support and connecting those organizations with funders and other stakeholders. Acceptance into a competitive capacity

Elements of Growth

(All occurring simultaneously)

	Start-Ups	Post-Start-Ups
Leadership	• Passionate, driven founder with a compelling vision • Small circle of stakeholders • Preliminary board of directors aligned with founder	• Staff is management-oriented with areas of professional specialization • Likely leadership transitions • Board of directors no longer "friends and fans;" increased sense of responsibility; relevant professional experience
Mission / Vision	• Compelling mission / vision	• Compelling mission / vision plus theory of change – how activities achieve mission
Program	• Successful pilots • Early signs of traction • Resonance with target audience	• Measurable growth • Demand for expansion coming from new audiences (demographic or geographic)
Funding	• Starting salary and other ancillary costs – approximately $100K / year to launch	• Rapid growth requires sustained funding at higher levels • Budget could be over $1 million by year 10 • Diverse funding sources • First major gifts • Initial revenue streams
Strategic Partnerships	• Early partnerships needed to leverage visibility and gain credibility	• Strong tangible assets of post-start-ups are recognized by partners
Visibility	• Important for introducing ideas / mission • Helps build brand recognition	• Organization regarded as having expertise • Brand recognition helps reach new audiences

building program such as Bikkurim offers another seal of approval that can help a fledgling organization make inroads with funders and other stakeholders.

Start-up and post-start-up organizations have notable differences. A start-up usually has a passionate and driven founder with a compelling vision at its helm. Its founding board of directors is mostly close friends and family of the founder, and it uses whatever inexpensive office set-up it can find. Its programming is nascent and experimental, constantly changing in response to its constituents.

By contrast, in the post-start-up stage, an organization has likely expanded its senior staff to include areas of professional specialization; its board has grown larger and more robust; and, in many cases, the organization has weathered – or will soon face – a leadership transition. A post-start-up organization's headquarters have likely moved out of the founder's starting office space into a space large enough to accommodate a growing staff. In some cases, the organization is ready to embark upon geographic or programmatic expansion.

Growth Models for Geographic Expansion

Continued on the next three pages

While some start-ups launch with a national scope from the outset, many start-ups launch with a strong single-city prototype, often in the city where the founder lives. While a large proportion of start-ups wish to remain small and focused on the community that they were initially created to serve, start-ups and post-start-ups with high growth potential seek to expand their geographic reach as a result of demand for service.

Geographic expansion is a key element of a post-start-up's growth, and there are several different geographic growth models for post-start-ups to choose from, each with its own characteristics, benefits, and limitations. Organizations gain value in being intentional about how they structure their geographic growth, since each of the various models offers different costs, levels of control, and other trade-offs that should be carefully considered in a proactive manner.

Branch

One of the more well-known geographic growth models, the branch model allows an organization to operate its programming in different locations (or branches), which are all part of a single legal organizational entity that is overseen by a central headquarters. Branches in new locations expand an organization's reach and impact. While brand recognition and control are both high in the branch model, this model is very expensive and time-consuming. Many community-based programs have not grown easily through branch expansion since their programs tend to be highly localized.

Franchise

A franchise model is similar to a branch model except that operations in different locations are separately incorporated entities. While each entity typically has the same name and brand, franchisees must follow a legally binding protocol around brand and program usage. Franchisees in the nonprofit sector may take the form of organized groups of volunteers who must abide by the organization's protocol and are often referred to as "chapters." Franchises are much more common in the private sector than in the non-profit sector.

Affiliate

In an affiliate model, organizations with similar missions affiliate with a central originating organization, despite having different names and brands. The originating organization provides affiliates with a proven program approach. Growth in this model occurs through enrolling new affiliates.

Growth Models for Geographic Expansion, continued

Program Codification

In this model, growth occurs when an originating organization codifies a program approach and provides this codification to other organizations. Such codification helps ensure that a program is delivered in a way that is faithful to the originating organization's proven methodology. This may include pre-packaged program materials, directions for instructors, videos, evaluation forms, etc. These materials may be accompanied by consulting. Since organizations using a codified approach may or may not make public their ties to that organization, program codification offers low brand recognition. At the same time, this approach is cost-effective.

Dissemination

In the dissemination model, an organization shares ideas or new methods that it has developed with others, though the ideas have yet to be codified. If the idea or method is widely adopted by others, the potential growth rate is high despite the low-cost nature of this approach. However, the user is unlikely to publicly credit the originating organization, so brand recognition and the ability to control program quality are both low.

Network

The network model is similar to the dissemination model but places more emphasis on webs of relationships and an open flow of information. Dissemination through networks relies on leveraging connections between users who may or may not be connected to the originating organization. Some in the chain of transmission may use the idea or program being disseminated while others may simply pass it along. The idea or program may also be changed by users who can openly communicate their changes through the network. As in the dissemination model, the cost to the originating organization is low, as are brand recognition and quality control.

Merger

Mergers can facilitate growth by combining organizations with similar missions. A single-city organization with a highly effective program may decide to merge with a national organization seeking to deliver that program in new places. Mergers are effective when each organization adds something that the other organization can benefit from, and when the organizations have similar missions and compatible cultures. While a merger can lead to rapid programmatic growth, programs may face re-branding and lose autonomy.

Partnership

Growth via partnership occurs when two organizations see an opportunity to maximize their impact by working together. Partnerships can allow the two non-profits to gain efficiency while maintaining independent authority over their programs. The two groups may work together informally or form a legal relationship, and the partnership may be temporary or long-term. As with a merger, a partnership is most effective when each organization brings something that the other organization can benefit from, and when missions and cultures align.

Growth Models for Geographic Expansion, continued

	For the Originating Organization:				
	Ability to control program quality	Brand recognition	Resource intensity required for originating organization	Potential rate of growth afforded for a given resource investment	Oversight structure
Branch	High	High	High	Low	Branch reports to headquarters
Franchise	Medium high	High	Medium high	Medium	Franchisee must follow protocols set by headquarters
Affiliate	Medium	Medium	Medium low	High	User organizations are autonomous but program design and delivery is defined by originating organization
Program Codification	Medium	Low	Medium low	High	User organizations are autonomous but program design and delivery is defined by originating organization
Dissemination	Low	Low	Low	High (if widely adopted by others)	User organization has full autonomy for program implementation
Network	Low	Low	Low	High (if widely adopted by others)	User organization has full autonomy for program implementation: changes communicated through network
Merger	Varies*	Varies*	Varies*	High	Varies*
Partnership	High	Varies*	Varies*	High	Varies*

* *Will depend if the originating organization is dominant or subordinate*

Growth Models for Geographic Expansion, continued

Selected Examples of Geographic Growth Models in Non-Profit Organizations

Name	Examples
Branch	Posse Foundation (www.possefoundation.org) Citizen Schools (www.citizenschools.org) Natural Resources Defense Council (www.nrdc.org) Teach for America (www.teachforamerica.org)
Franchise	American Civil Liberties Union (www.aclu.org) Parent-Child Home Program (www.parent-child.org)
Affiliate	Boy Scouts of America (www.scouting.org) Girl Scouts of the USA (www.girlscouts.org) National Council of La Raza (www.nclr.org) Alcoholics Anonymous (www.aa.org)
Program Codification	NY Road Runners' Mighty Milers program (www.mightymilers.org)
Dissemination	Northeast Foundation for Children (www.responsiveclassroom.org)
Network	Full Frame Initiative (www.fullframeinitiative.org)
Merger	Points of Light with Hands-On Network (www.pointsoflight.org) Outward Bound national merger (www.outwardbound.org)
Partnership	Citizen Schools and Middle Schools (www.citizenschools.org)

Becoming a "national brand" can either challenge or aid in fundraising efforts, providing post-start-ups with larger pools of funds but also larger budgets and systems to support. At the same time, establishing local branches or affiliates can play a key role in accessing local funders. Post-start-ups need to be strategic and intentional about the geographic growth strategy or strategies that they employ, as each strategy offers unique benefits and limitations.

Finding #4

Any one of eight obstacles can act as a barrier to growth.

While it takes a confluence of many factors for start-ups or post-start-ups to thrive, it can take only one of the following challenges for organizations to enter into a period of stagnation or serious struggle. These barriers to growth can be temporary, but need to be resolved before an organization can move on:

- **Executive director transition**
- **No increase in the circle of stakeholders**
- **Board in-fighting or lack of alignment with executive director**
- **Lack of staff growth**
- **Program stagnation; no momentum**
- **Uncertain growth plan**
- **Inadequate attention to infrastructure**
- **Inadequate funding**

Executive director transitions are pivotal inflection points in the lives of start-ups and post-start-ups. Of the 23 past and present Bikkurim incubatees that are still in business, eight have experienced an executive director transition of some kind.

Newly appointed executive directors face a period of extreme vulnerability when following the founder directly. An organization's board members and staff often have negative reactions to cultural or stylistic changes the new person brings. Board members and staff may even explicitly state that they expect the next executive to lead in the same manner and with the same immediate ease as the founder – an aspiration that is likely to set up the successor for failure.[9] In fact, the immediate successor to a start-up's founder often fails, and a follow-on transition or two are often required before the organizational leadership becomes stable. These early successors often have disproportionately short tenures compared with third and fourth executive directors following the founder.[10]

Additionally, successor executive director salaries are often a challenge for organizations going through leadership transitions, since passionate founders are usually willing work at below-market salaries in order to conserve resources. Boards of directors are often taken by surprise when a hired successor demands a full-market-rate salary.

This is not to say that an organization should or can avoid an executive director transition. Quite the contrary – executive director transitions can be a sign of an organization's maturation and can avoid leadership burnout or waning passion. As one post-start-up board chair put it, "We are more mature, more institutionalized with an executive director who is not the founder. It's the evolution of the organization from the passion of the founder to maturity, professionalism. We are stronger." Certain factors can contribute to a positive transition from the founder to the next executive director, including board involvement in planning for executive director succession.

"We are more mature, more institutionalized with an executive director who is not the founder. It's the evolution of the organization from the passion of the founder to maturity, professionalism. We are stronger."

– Jewish Post-Start-Up Board President

Other barriers to the growth of start-ups and post-start-ups include **difficulty increasing the circle of stakeholders** – participants, allies, and advocates of the organization – because of poor relationship-building or a mission that doesn't resonate with others. **A board that remains insular,** struggles to define itself, or is **out of sync with the executive director** will also drain energy and resources from a fledgling organization.

Barriers to growth can occur in other aspects of start-ups and post-start-ups, including the **lack of growth in staff**. If an organization is unable to differentiate and professionalize its staff, then it must rely on a few

9 Tim Wolfred, *Building Leaderful Organizations*, Executive Transition Monograph Series 6 (Baltimore: The Annie E. Casey Foundation, 2008).
10 Observation based on Wellspring experience.

key people to perform a wide range of tasks, thereby preventing dedicated attention to growth.

Similarly, **program stagnation** can be a barrier to growth. Lack of program growth may reflect a lack of demand for what the organization offers, poor marketing, fear of experimentation, or failure to adjust the program to meet the needs of the target audience. An organization whose programming does not expand in content and reach does not grow.

If an organization is **uncertain** about its growth plan, how to expand geographically, or how to scale its efforts, difficulties also abound. A clearly articulated growth plan, including goals, next steps, and organizational structure, is necessary for solid growth. For some organizations, an additional challenge is to codify or replicate their program, especially when it involves complex and/or controversial material in which nuance is essential.

Start-ups and post-start-ups often do not recognize the necessity to **invest in their infrastructure,** defined in this study as the technology, systems, and policies that shape operations in areas such as human resources, development, and information systems. Organizations often devote the bulk of their organizational resources to building out programming. This may be in response to funding priorities related to programming rather than to operations, leadership's passion for the program content, or a desire to stay lean. Organizations that fail to invest in their infrastructure in their early years, however, underestimate the long-term cost to their organization's health and stability.

Perhaps most obviously, the **inability to secure adequate funding** can serve as a key barrier to growth as an organization matures. A small, incremental increase in funding is not sufficient to bring post-start-up organizations to scale. Furthermore, short-term grants require organizations to constantly seek new sources of funding. The inability to secure such new funding can also serve as a barrier to growth.

Start-ups or post-start-ups encountering one or more of these barriers to growth may eventually close. It is important to note, however, that organizational closure does not necessarily mean that the organization failed to make an impact. "An organization can have lasting impact beyond its actual existence by pushing an idea, issue, or new business model forward within the Jewish community," said one field expert.

"An organization can have lasting impact beyond its actual existence by pushing an idea, issue, or new business model forward within the Jewish community."

– Field Expert

Barriers to Growth

	Start-Ups	Post-Start-Ups
Leadership Transition	Founder leaves	Poorly managed executive director transition
Stakeholders	No growth	No growth
Board of Directors	In-fighting; lack of alignment with executive director	No change in board roles or composition; infighting; lack of alignment with executive director
Staff	Too few people doing too much	Not enough specialization
Program Stagnation	Low participation; no experimentation	Insufficient demand from target audience; inability to adjust program as organization changes in scope
Growth	Insufficient articulation of objectives or sense of direction	Confusion about strategy; no growth plan
Insufficient Funding	Less than $100K / yr	Gift sizes too small or for too short a period of time; lack of diversity of sources
Infrastructure	Inadequate initial investment; mismatch between complexity of need and solution	Refusal or lack of understanding regarding when to upgrade

Note: Orthodox innovative start-ups, in particular, encounter unique funding barriers. The leader of an Orthodox start-up expressed it best: "The Orthodox world first has to pay for what is traditionally funded: the day schools, the synagogues. They don't have the capacity left for others. It's unaffordable. The mainstream Jewish organizations won't fund us because we're religious. There's a bias that the Orthodox world should take care of itself. So we slip between the cracks."

Finding #5

Start-ups and post-start-ups have different organizational development needs.

While they share elements of and barriers to growth, start-ups and post-start-ups have very different needs, goals, and methods:

- **Organizational development goals**
- **Consulting needs**
- **Office space**
- **Growth**

The **organizational development goals** of start-ups and post-start-ups are substantially different. Start-ups generally strive for stability and work to increase and diversify their circle of stakeholders, refine their programming, hire staff, and acquire the technology needed to develop systems. Post-start-ups, by contrast, strive for clear vision regarding whether and how to grow, seek diversified and stable sources of funding, and need to build mature boards of directors and strong professional leadership teams.

When asked to rank organizational development needs, Bikkurim survey respondents in the start-up and post-start-up stages both ranked "cultivating individual donors" and "board development" as the key areas in which they could benefit from improvement and assistance. However, the nature of the work involved in each stage differs dramatically. For example, a start-up may seek assistance in attracting an initial donor base of individuals. The post-start-up, by contrast, may seek expertise in cultivating major gifts from within the existing donor base and beyond. Start-ups ranked "scaling for growth" and "grant-writing" as their third and fourth areas of organizational development needs, while post-start-up organizations preferred assistance in "forging strategic partnerships" and "enhancing their marketing efforts."

Start-ups do well by receiving a wide range of **consulting** services touching broadly on many different aspects of organizational development: board development, fundraising, governance, policies and systems, program development, and staffing. Consulting, trainings, and workshops can be efficient modes of learning at this stage. Many of the Jewish start-up incubators and innovation support organizations that provide capacity building to Jewish start-ups employ these methodologies with much success. A single organizational development consultant provides ongoing intensive one-to-one consulting with each organization, covering a wide range of start-up challenges. Additional consultants are brought in on an as-needed basis when the lead consultant does not have the time or expertise to focus on a particular issue.

Post-start-ups, however, need deeper, targeted consulting in specific growth issue areas such as complex financial management, multi-site management, and development of growth plans – highly specialized consulting provided by content-area specialists. Peer-to-peer advice networks also become more important at this stage. Wellspring Consulting's experience has shown that beyond a certain point of organizational development, social entrepreneurs learn better from those who are in the trenches alongside them, sharing real-life experiences and examples. Group trainings are no longer sufficient; dynamic conversations with fellow organizational leaders become critical.

Many start-ups are launched in the homes of their visionary founders, and founders and early staff members are often willing to put up with less than ideal office conditions in order to conserve resources. Moving into an incubator or other professional **office space** becomes an indicator that organizations have moved beyond the earliest start-up phase. Post-start-ups, on the other hand, almost always need to provide space for multiple staff and to create office environments that reinforce professionalism and organizational maturity. For these organizations, professional space is a must but additional challenges arise, especially as organizations grow beyond single geographic locations. Many organizations are now experimenting with different technologies to communicate across distance. They face additional challenges in ensuring that the various branches of the organization share a common organizational culture and language, communicate well with one another, and have an efficient flow of information.

The nature of **growth** at the start-up and post-start-up stages is also very different, and organizations need to plan accordingly. Start-ups are defined by organic growth – seizing opportunities as they come, pursuing funder interests (not recommended as a best practice, but certainly a common practice), and responding to demand. Growth at the start-up stage can be reflected in many different ways, including an increase in number of participants, expansion of program offerings, and growth in influence.

Second stage growth, on the other hand, is more strategic and less opportunistic. At a certain point, organic growth plateaus and post-start-up organizations, out of necessity, become more intentional about growth. Organizations may consider growth in different areas, including:

- Geographic expansion (see p. 25 for a more comprehensive listing of geographic growth models)
- Target audience
- Senior management
- Infrastructure and systems
- Branding, marketing, and messaging

Growth in each of these areas has implications for the others. The first step is to identify specific growth needs and develop a growth plan.

Organizational Development Needs

	Start-Ups	Post-Start-Ups
Organizational Development Goals	• Strive for stability • Build out circle of stakeholders • First board of directors • Refine program • Hire first and second staff • Acquire technology • Develop systems	• Clear vision regarding whether and how to grow • Diversified and stable sources of funding • Mature boards of directors • Strong professional leadership team
Consulting Needs	• Wide-ranging areas of organizational development • Workshops and trainings • Mentoring • Networking with other start-ups	• Specialized areas of focus • Peer-to-peer support
Space	• Many begin in the homes of their visionary founders but move into an office	• Space for multiple staff is best when conducive to peer-to-peer engagement and support
Growth	• Often driven by opportunities • May not be articulated but is often intuited or assumed	• Consider different growth models - geographic, demographic, systems, technology, marketing • Identify key leverage points • Consider implications for organizational structure, branding, supervision, systems, and budget • Define what successful growth would look like • Make deliberate choices

Finding #6

While some capacity building and funding are available in the start-up stage, there is a drop-off in both at the post-start-up stage.

Many start-ups in the Jewish community benefit from capacity building assistance provided by a handful of small support organizations. Each of the Jewish support organizations analyzed for this study operates independently within a somewhat distinct section of the field, though there is some overlap in services. The support organizations differ in terms of the duration of assistance – from one weekend to five years – and in the modalities of services they provide. Most offer some combination of trainings, retreats, consulting, networking, and shared office space. Only one source of support – Makom Hadash in New York City – provides designated support for Jewish organizations that are more than seven years old.

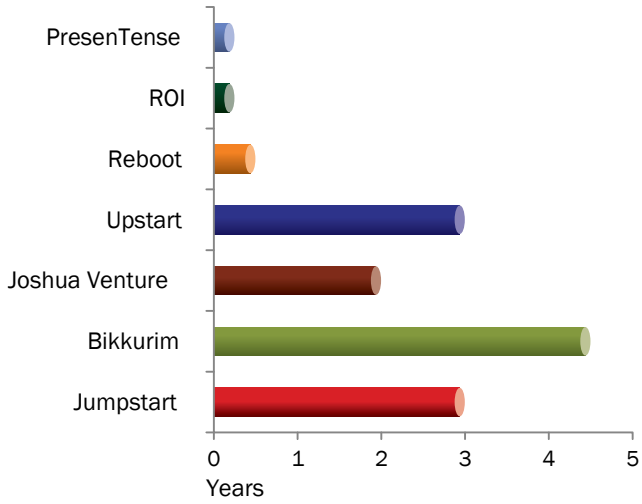
Compounding the complexity of the support system for start-ups is the fact that the support organizations are themselves not much past the start-up stage – none is more than 11 years old – and they face many of the same organizational and financial challenges of the groups they have helped launch. Most are resource-constrained and some are geographically limited.

Concurrent with the growth of the innovative Jewish start-up sector over the past decade, a growing but limited number of funders – institutional and individual – have come to fund start-ups specifically. Start-ups are heavily reliant on institutional funding – almost half of Bikkurim's survey respondents raise money predominantly from foundations (and a limited number of federations, such as UJA-Federation of New York), and an additional quarter raise an equal amount from both individuals and foundations. Less than a third raise their funds predominantly from individuals. Strong reliance on institutional financial support in the start-up years is common outside of the Jewish community as well.

In the post-start-up years, acquiring sufficient funding becomes an even greater challenge. "Mezzanine organizations have different needs from start-ups," said one Jewish post-start-up organizational leader. "Put simply, they need more money."

Support Organizations Providing Capacity Building to Jewish Start-Ups and Post-Start-Ups

Duration of support provided by organizations



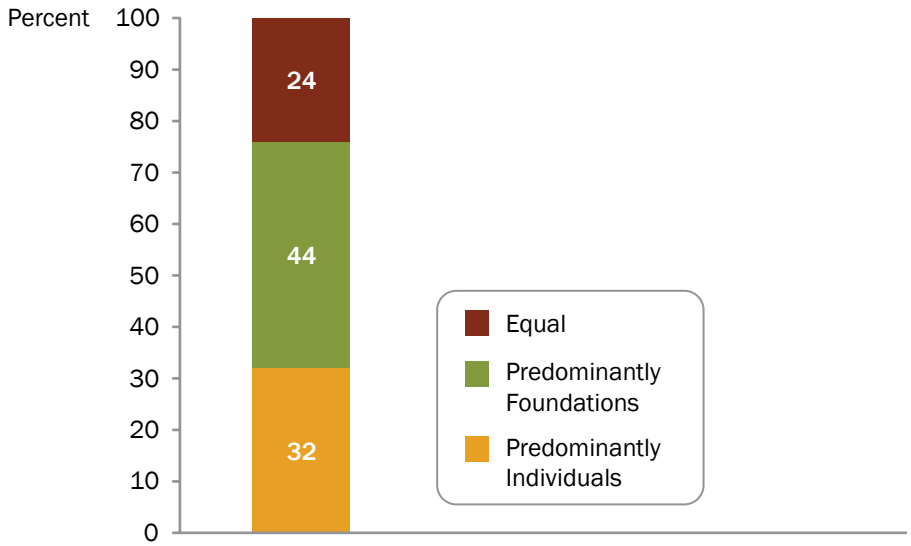
Age of start-up when granted support (years)

PresenTense	0 – ½
ROI	0 – 5 ½
Reboot	0 – ½
Upstart	0 – 2
Joshua Venture	½ – 5 ½
Bikkurim	1 – 5
Jumpstart	½ – 6

Note: Makom Hadash supports organizations once they are beyond the start-up stage, in age as well as program and infrastructure, for a minimum duration of one year. Age of entry for organizations in Makom Hadash's first cohort of members ranged between three and ten years.

Sources of Funding for Bikkurim Incubatees

Survey Question: In fundraising do you raise more money from individuals, from foundations, or do you raise an equal amount of money from individuals and foundations?



One big challenge for Jewish post-start-ups is that sources of funding are fewer. Unlike in the start-up stage, where a handful of funding sources are designated for that specific organizational lifecycle stage, there are even fewer funding sources designated for post-start-ups as an explicit, discrete category of funding. Outside of the Jewish community, a number of funders support specifically the growth of innovative organizations and consider scaling initiatives as its own category of funding. This distinct organizational life stage is rarely recognized in the Jewish community.

At the same time, Jewish post-start-ups are not established enough to obtain significant funding through more traditional funding sources (e.g. annual fundraising from individuals, major gifts, annual federation allocations) and many do not fit into the exact issue areas of some of the largest Jewish foundations.

Another funding obstacle confronting Jewish post-start-ups is that the limited funding that is available for their work seldom takes into account their distinct needs for substantially larger funding amounts and funding for longer periods of time. Much of the funding that is available to post-start-up organizations seems to be a carry-over from start-up funding, in dollar amounts more helpful to start-up budgets and for shorter time periods. For a start-up operating on a budget of $250,000, a $25,000 grant goes a long way – accounting for 10% of the start-up's budget. That same $25,000 grant makes far less of an impact on a post-start-up's $1 million budget – less than 2%. "Start-ups need funders to give them money consistently, at a level that makes the start-up sustainable," explains one Jewish foundation professional. "Too many start-ups get stuck at the $1 million stage for lack of funding."

Finally, a lack of a funding "pipeline" within the Jewish community – whereby start-up funders "hand off" organizations to post-start-up funders – also hampers organizations' ability to reach the next level of growth (see Finding 8).

Among Bikkurim organizations surveyed, the majority

found funding for Jewish start-ups, and especially post-start-ups, to be inadequate. Whereas just over a third of those interviewed thought that funding for start-ups is adequate, only about a tenth felt the same for post-start-up funding. Additionally, Bikkurim incubatees noted that post-start-up funding is generally harder to come by than start-up funding.

Earned revenues – program fees, merchandise sales, or other fees-for-service – are considered by some to be the missing ingredient in many Jewish non-profit financial models. Earned revenues represented a very small percentage (10% or less) of annual income for 75% of the Bikkurim groups surveyed. While there is no doubt that some organizations should explore the possibilities of earned income more fully, the fact that so many Bikkurim incubatees do not utilize this as a revenue stream is telling – earned income, while important, may not be the panacea that some would assume. Indeed, far from being able to charge program participants a fee, many Jewish start-up and post-start-up organizations – both in and out of this study's sample – need to *incentivize* people to participate in their Jewish educational, cultural, and social programs. For these organizations, earning an income from program fees is unlikely to ever be a substantial possibility. Instead, such organizations rely on institutional and individual funders who are not their constituents to enable and incentivize participation of their target audience in their experiences.

"Start-ups need funders to give them money consistently, at a level that makes the start-up sustainable. Too many start-ups get stuck at the $1 million stage for lack of funding."

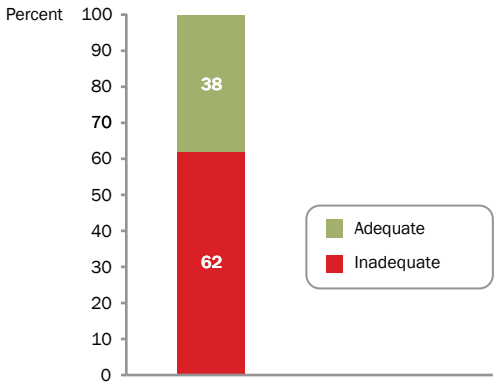
– Jewish Foundation Professional

It is also important to note that certain sources of funding that are available to secular non-profit organizations – such as government funding and corporate philanthropy – are mostly unavailable to Jewish organizations. Additionally, by virtue of sheer

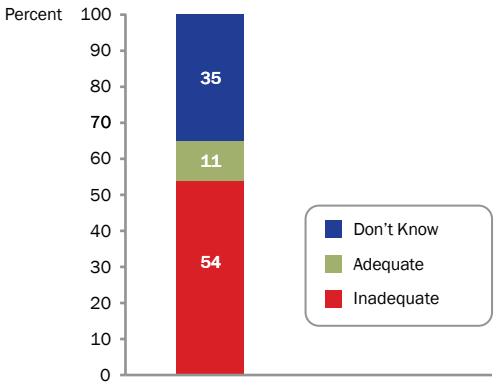
Adequacy of Funding Sources

Survey Questions:

How would you characterize the availability of start-up funding for Jewish innovation?



How would you characterize the availability of post-start-up funding for Jewish innovation?



Source: Survey conducted by Wellspring Consulting and Wellspring Consulting analysis

numbers, the potential market of consumers and donors to Jewish initiatives is much smaller than it is for secular efforts.

"Funding start-ups is sexy and funding established organizations is comforting – the post-start-up ones are frustrating to work with."

– Jewish Foundation Professional

From the funder perspective, funding post-start-ups is often less attractive and more challenging than funding start-ups. As one foundation professional expressed, "Funding start-ups is sexy and funding established organizations is comforting – the post-start-up ones are frustrating to work with." Some funders interviewed for this study expressed the opinion that many post-start-ups are actually not ready for more significant funding. They see flawed organizational practices or weak development efforts, lack of growth plans, or no demonstrable impact. When organizations are in stronger shape, they maintain, the funding will follow.

Finding #7

In the Jewish community, capacity building and funding, for both start-ups and post-start-ups, are disaggregated. Outside of the Jewish community, capacity building and funding are often combined.

In researching the various capacity building support organizations that provide services to Jewish and secular start-ups, several patterns emerged. The first is that in the Jewish community, capacity building and funding are almost always disaggregated. Most Jewish support organizations do not offer cash support, and the ones that do provide small amounts. Similarly, most funders offer very little capacity building support. The one exception is Joshua Venture Group, which offers more funding ($50,000/year) than the other Jewish capacity builders and more capacity building than the other Jewish funders. The secular community, on the other hand, has more integrated structures to support both start-ups and post-start-ups.

In the secular community, awards range from $95,000 a year per incubatee (Echoing Green) to $500,000 a year (New Profit). Virtually all capacity builders in the secular innovation arena provide funding of at least $100,000 per year, including Ashoka, Blue Ridge Foundation, and the Draper Richards Kaplan Foundation. Along with the funding, start-ups and post-start-ups selected by these secular organizations also receive business consulting across a wide range of specialties, access to networks, and a strong peer community, all for multiple years of investment.

It is noteworthy that the secular support/funding organizations studied for this report all have much larger operating budgets than the Jewish support organizations studied. This underscores that in the secular non-profit community there is a clearer understanding of the needs of post-start-up organizations and the levels of funding that are needed to help an organization grow to scale – and that more funding is available to support this work. It is a goal of this study to bring into the Jewish community this same level of awareness and excitement about the needs and opportunities for post-start-up growth.

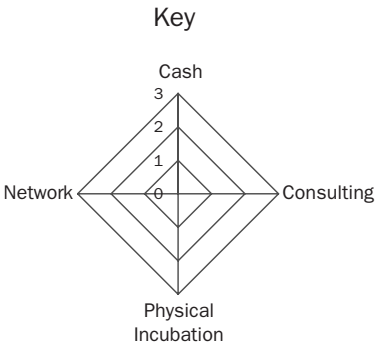
Support Organizations Serving Innovative Secular Start-Ups and Post-Start-Ups

Type of Organization Served	Organization	Location(s)	Launch Date	Purpose	Award/ Time	Duration	Total Award	Annual Revenue/ Budget
Secular Start-Up	Blue Ridge Foundation *www.brfny.org*	New York	1999	Supports start-up non-profit organizations in New York City that address issues related to youth development, community building, and the public interest use of technology	$100K-$300K/year	3-6 years	$300k-$1.8M	$2M
	Draper Richards Kaplan Foundation *www.draperrichards.org*	San Francisco	2002	Provides unrestricted funding to select early-stage, U.S.-based social enterprises	$100K/year	3 years	$300K	$2M
	Echoing Green *www.echoinggreen.org*	New York	1987	Supports emerging social entrepreneurs through a two-year fellowship program	$95K-$110K/year	2 years	$190K-$220K	$4M
Secular Post-Start-Up	New Profit *www.newprofit.com*	Cambridge, MA	1998	Provides multi-year financial and strategic support to social entrepreneurs and their organizations	$250K-$500K/year	"Multi- year"	$250K+	$22M
	SeaChange Capital Partners *www.seachangecap.org*	New York	2008	Deploys resources to achieve social impact via Mergers & Collaborations, Investment Readiness Reviews, and Market Making	$5K-$12K/grant	One-time grants	$5K-$12K	$1M
Secular Start-Up and Post-Start-Up	Ashoka *www.ashoka.org*	Wash., DC; has offices in Asia, Africa, Europe, Middle East, and South America	1980	Invests in leading social entrepreneurs; builds communities of entrepreneurs and infrastructure for the social start-up sector	Up to $100K/year	3 years	Up to $300K	$35M

Support Organizations Serving Innovative Jewish Start-Ups and Post-Start-Ups

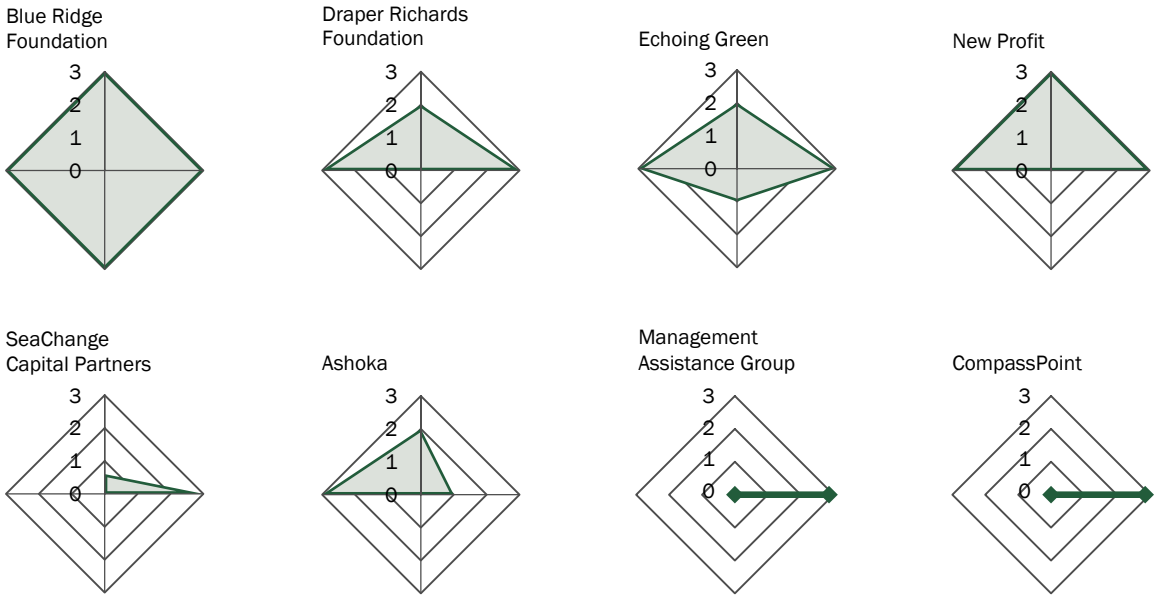
Type of Organization Served	Organization	Location(s)	Launch Date	Purpose	Award/ Time	Duration	Total Award	Annual Revenue/ Budget
Jewish Start-Up	Bikkurim *www.bikkurim.org*	New York	2000	Incubator that identifies innovative Jewish ideas and aims to nurture them to organizational sustainability	$8K-$12K/year	1-5 years	$8K-$60K	$400K
	Jumpstart (and J Space) *www.jewishjumpstart.org*	Based in Los Angeles, supporting organizations in the U.S., Canada, Europe, and Israel	2008	Thought leadership, research, analysis/assessment; training, consulting, facilitation, and networking for funders and non-profits; J Space is a shared work space and resource hub; the Project Partnership is a joint fiscal sponsorship venture with Community Partners	No cash award	Fiscal sponsorship and residency in J Space can be of indefinite duration	No cash award	$600K
	Joshua Venture Group *www.joshuaventuregroup.org*	Based in New York, supports organizations nationally	2000-2005; 2009	Identifies emerging Jewish social entrepreneurs and provides them with resources through the Dual Investment Program	$50K/year	2 years	$100K	$800K
	PresenTense *www.presentense.org*	Based in Jerusalem and New York	2006	Trains community institutions to leverage the talents and skills of their members to spur and strengthen social innovation	No cash award	Fellowships last from 6 weeks to 6 months	No cash award	$1.6M
	Reboot *www.rebooters.net*	Based in New York, Los Angeles, and San Francisco, supports organizations nationally	2003	The Reboot Network consists of approximately 380 individuals who have been awarded a fellowship to attend Reboot's annual summit; Reboot fosters collaborations among Rebooters that result in organizing strategies to engage the larger Jewish community	No cash award, though select Rebooter projects can receive funding and support	Annual summit is one weekend a year, project incubation is ongoing	No cash award	$2.1M
	ROI *www.roicommunity.org*	Global community, annual gatherings in Israel	2006	Fosters a global community of Jewish leaders; offers international networking opportunities, professional development and some financial support to its members	No cash award, though members receive microgrants to support their professional growth and projects	Annual gathering is one week a year, additional shorter regional gatherings in selected cities	No cash award	$1.7M
	UpStart Bay Area *www.upstartbayarea.org*	Based in San Francisco, supports organizations nationally	2006	Inspires and supports innovations in Jewish life through incubation of new organizations and consulting to later stage and established organizations	$5K/year	3 years	$15,000	$700K
Jewish Post-Start-Up	Makom Hadash, a project of Hazon *www.makomhadash.org*	New York	2010	Member organizations pay monthly fee to share office space and other infrastructure, and to be included in educational and community programming, some of which are also open to other post-start-ups	No cash award	N/A	No cash award	$300K

Services Offered by Support Organizations to Start-Ups and Post-Start-Ups

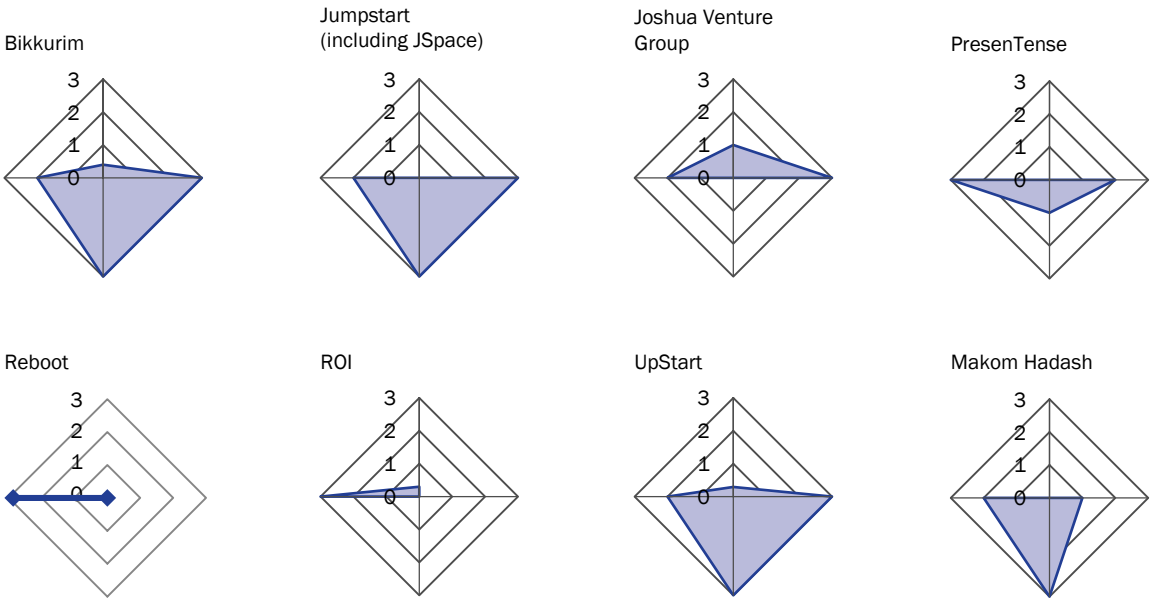


Score	Consulting	Cash	Physical Incubation	Network
3	Frequent and/or intensive one-to-one consulting; many seminars and work-shops provided; resource/ reference library	>$100,000 per year	Professional physical office space; excellent office resources and support provided to groups; support may include financial/ technological expertise	Networking is a core part of support provided; acceptance into support program enhances legitimacy
2	Some one-on-one guidance provided; some seminars/ workshops provided; reference resources provided	$50,001 to $100,000 per year	Basic physical space and office resources provided	Some organized networking opportunities/events; recognition that networking is an important part of organizational development
1	Little to no one-to-one guidance provided; reference resources may be provided	Up to $50,000 per year	Space may be offered upon request; few other services provided	Few networking opportunities; some doors may be opened by reputation of support organization
0	Consulting is not provided	Cash is not provided	Space is not provided	Networking opportunities are not provided

Secular Support Organizations Offer Both Capacity Building and Financial Support



Jewish Support Organizations Offer Capacity Building Support with Little Financial Support



Finding #8 The absence of strong coordination among funders, among capacity builders, and between funders and capacity builders contributes to confusion, redundancy, and gaps in the field.

Funders and experts interviewed identified a lack of coordination in the innovative Jewish start-up sector. "There is no pipeline; the handoff between funders is notoriously weak," one foundation professional said. There are many explanations for the lack of coordination, including the amount of time it takes to keep a healthy partnership alive, the fear of losing power or control over decisions, a high value placed on institutional independence, as well as reluctance to support a project branded as another funder's project.[11] As one foundation professional noted, "Funders are reluctant to take on other funder's children."

This lack of coordination results in inefficiencies and confusion. Funders do not maximize their investments when they fund parts of the same sector independent of one another without collective planning or partnering. The result is "hit or miss," with some organizations receiving funding and others not, and not always for "rational market" reasons. For those funders wanting to enable change across a specific field, uncoordinated funding can bolster some organizations while leaving others under-resourced, thereby weakening a field-wide effort for change.

From the perspective of the start-up and post-start-up organizations, organizations lose precious resources researching and preparing applications and reports for multiple funders with different approaches to the same questions of performance and impact. While it is the responsibility of every grant-seeker to build strong development functions and to "do their homework," multiple demands to report the same information in different ways drains and diverts start-ups' and post-start-ups' focus from their core missions.

Weak coordination among the support organizations also contributes to confusion, inefficiency and redundancy. While most support organizations target a distinct geographic population or organizational lifecycle stage (or both), in a few select cases similar services from different support organizations are offered to the same start-ups. Furthermore, the "hand off" of promising start-ups is weak among the organizations working with different organizational lifecycle stages.

Because start-ups and post-start-ups need all the support they can get – and because some of the most promising receive support from multiple support organizations without any of them providing enough to cover the organizations' full needs – the lack of coordination between support organizations offers a critical area where improvement could lead to better organizational outcomes.

11 Joel Fleishman explores additional reasons in *First Annual Report to The AVI CHAI Foundation on the Progress of its Decision to Spend Down* (New York and Durham: Avi Chai Foundation, Duke Sanford School of Public Policy, April 4, 2010), 18-19.

Recommendations

Recommendation #1

Ensure the availability of funding at levels needed for start-ups and post-start-ups to thrive.

In order for the vibrant collection of innovative Jewish start-ups and post-start-ups that show the most promise to significantly impact the Jewish community, funding must be available at levels and for durations necessary for them to thrive. Funding is needed for multiple purposes, such as those outlined in Findings 3 and 5. Funding general operations, not just programs, is critical. The budgetary benchmarks detailed in Findings 1 and 2 can serve as useful guidelines to understand the funding levels at which healthy start-up and post-start-up organizations can grow. It takes many years for a start-up to raise or earn enough repeat dollars to replace time-limited grants and to grow to a position of relative financial stability. Staggered grants or grants of longer duration would help post-start-ups have a steadier base of funding from which to build out their annual funding base.

The organizations themselves must also make sure that they are worthy of larger investments. Organizations need to run efficiently and effectively, develop strong fundraising capabilities, and follow the best practices outlined in Finding 3.

Beyond funding, funders can play a strong advocacy role for start-ups and post-start-ups by introducing them to other potential donors, support organizations, and other contacts. Support organizations, as well, can play a role in helping organizations build relationships with funders and institutions that can promote and increase visibility for the organizations they support. This can get complicated, however, because most support organizations in the Jewish community are reliant upon the same set of funders as the groups that they help, and they are sometimes in direct competition with one another for the same sources of funding.

Underlying all these funding recommendations is a deep challenge to the entire Jewish communal funding system to rethink the nature of Jewish philanthropy and the shifting patterns therein. Just as Jewish communal organizations are undergoing historic changes, so too are the funding models underpinning the community's infrastructure. Simply "re-slicing the Jewish funding pie" to include more resources for post-start-ups is not enough. The new cohort of effective, dynamic, and under-resourced post-start-ups warrants a call to action to recruit new funders to the Jewish nonprofit world. Rather than seeing the innovative Jewish start-up sector as a competitor to existing communal priorities, it should be seen as an exciting opportunity to bring new philanthropic dollars into the Jewish community.

Recommendation #2

Establish a new communal function to support post-start-ups.

There is a need for a new communal function to fund and advise post-start-up organizations. This could be structured as a separate organization, a collective, or as an initiative or project of an existing organization.

To succeed, this effort would need to be convened and led by reputable members of the field. The leadership would need strong relationships and deep connections within the field, ample knowledge of the needs of post-start-ups, and significant experience within the Jewish innovation space. The leadership also would need a disciplined approach to scouting emerging

start-ups that have attracted a constituency and are demonstrating success. Field experts suggested that, given the right leadership, an organization that specializes in supporting post-start-ups would be a valuable asset.

The work of this new entity would be to identify and select high-performing and high-potential post-start-up organizations that are poised for growth. Support would be given through substantial funding as well as consulting and capacity building. This initiative would need to have a sufficient budget that would meet the needs of the rapidly growing post-start-up organizations it supports. The selection process is key.

Outside of the Jewish community, a number of funders are committed to supporting the growth of innovative social solutions and consider growth and scaling initiatives as a specific category of funding. They select a very small number of high-performing and high-potential organizations and devote large amounts of resources to their growth and scaling. This is a model from which the Jewish community can learn.

Recommendation #3

Ratchet up the use of "best practices," especially regarding measuring impact.

In addition to the elements of growth outlined in Finding 3, innovative Jewish start-ups and post-start-ups will grow more steadily and healthily if they embrace those processes, policies, and priorities – collectively known as "best practices" – that have been shown to improve organizational performance.

Start-ups and post-start-ups should generally place more value on organizational infrastructure, defined as the technology, systems, and policies that shape operations in areas such as human resources, development, and information systems. Organizations often need basic systems at the start-up stage, but by the time they reach the post-start-up stage, they need to seriously consider expanding their staffing and upgrading their systems. Organizations should also be cognizant of what level of organizational complexity is needed, such as whether they need a CFO or a bookkeeper to handle their accounting. Start-ups and post-start-ups would do well to invest more and sooner in these areas despite the seeming diversion of resources away from programming. It is a worthwhile investment to keep the organization strong.

Many organizations would also benefit from prioritizing the practice of impact measurement as a tool for both continuously improving the organization and highlighting the positive change that the organization has on the community it serves. Funders interviewed for this study said that Jewish start-ups and post-start-ups have a hard time demonstrating impact and making an effective case for additional funding. As one foundation professional noted, "Many funders would love to see numbers and impact metrics. Start-ups are not often able to manifest metrics that are meaningful."

Especially at the post-start-up stage, the onus is on the organization to prove impact and viability. "It is always hard to fund post-start-up phase organizations," said one foundation professional. "The burden of proof is much higher – you have to show results." While the specific definitions of impact may vary depending on each organization's individual vision and mission, every post-start-up should be able to define success and be willing to hold itself accountable by measuring its progress against that definition. Post-start-up organizations also need to articulate the ways that various forms of growth and expansion link to achieving their desired impact.

Measuring organizational growth is equally important. Organizational growth benchmarks such as those outlined in Finding 3 – including board development, program expansion, and staff expansion – as well as infrastructure upgrades as outlined above, are useful at all stages of the organizational lifecycle continuum. With start-ups especially, funders may be more forgiving of a lack of concrete impact measures if there are strong organizational growth benchmarks.

The support organizations and funders of the innovative Jewish start-up sector can play an important role in creating a culture in which best practices, especially in the area of impact measurement, are

put into place. Support organizations can help start-ups and post-start-ups to develop good habits and to create coordinated and quantifiable measures of growth and impact. Furthermore, support organizations should measure their own success (not just that of their incubatees), in order to build credibility and strengthen their own value proposition.

Recommendation #4

Increase collaboration among the key players in the innovative Jewish start-up sector.

Key players in the innovative Jewish start-up sector should work together in a number of ways to advance the most promising start-up and post-start-up organizations. True collaboration would bring the most benefit to the community, but for a number of reasons, such as those outlined in Finding 8, that may be difficult to achieve. In the cases where collaboration is not attainable, working together in lesser degrees of partnership can still achieve important results.

Increase collaboration among funders.

At the macro level, establishing a funding "pipeline" – improving the "handoff" between funders – would offer start-ups and post-start-ups more consistent funding, a clearer understanding of the funding landscape, knowledge of which funders support which areas of interest or lifecycle stage, and a sense of the benchmarks needed to "graduate" from one funder to the next.[12] Even in the absence of a formal pipeline, funders can play an advocacy role for start-ups and post-start-ups by using their networks within the philanthropic community to make introductions for organizations to new potential sources of funding and support. On a more micro level, funders could create shared grant applications and reporting mechanisms. This could increase organizations' fundraising and reporting efficiency and give them more time and resources to spend on programming.

The "Co-" Spectrum

Communication is the simplest, with different parties sharing information with each other and keeping each other informed of decisions and plans.

Cooperation adds a degree of partnership when circumstances create opportunities for different parties to work together, reducing isolation and competition.

Coordination is more intentional, with different parties working together toward a shared goal, yet with each party retaining its own approach and strategy.

Collaboration is the most complex, involving a collective determination to reach an identical objective by sharing knowledge, learning, and building consensus. Collaboration requires the greatest alignment of goals and methods and is the most challenging to achieve because it potentially requires the greatest amount of compromise among the parties involved.

Increase collaboration among support organizations.

Support organizations should strive to eliminate overlaps in services provided to start-ups and post-start-ups. Different support organizations working with the same organization should make sure that the services offered by each are complementary, not redundant.

Support organizations should also strengthen the capacity building "pipeline" and ensure smooth hand-offs between those support organizations that target one stage in the organizational lifecycle and others that focus on the next organizational lifecycle stage.[13] The distinguishing characteristics and criteria for acceptance into each support program should be clearly understood amongst all the support

12 Adene Sacks of the Jim Joseph Foundation suggests the creation of a funding pipeline modeled on the venture capital system that supports the high tech industry in "Funding Innovation: What Will it Take to Grow Impact?" *Journal of Jewish Communal Service* 86, Nos. 1/2 (Winter/Spring 2011), 162-169.

13 An initial attempt to map the "Innovation Pipeline" was made at a consultation on Jewish innovation and social entrepreneurship in Toronto in December, 2009. Caryn Aviv, "Haskalah 2.0," *Jumpstart Report* 2 (Los Angeles: Jumpstart, in cooperation with JESNA and the Jewish Federations of North America, Summer 2010).

organizations and should be clearly communicated to both applicants to and graduates of each program.

It is important to emphasize that this call for increased collaboration among support organizations should not be confused with eliminating "multiple supports" in which two support organizations offer capacity building to a start-up simultaneously. Given the low level of funding and support generally available to start-ups and post-start-ups in the Jewish community, support from more than one source is often quite necessary.

Increase collaboration across funders and support organizations.

A maximally efficient system of funding and capacity building support would enable the most promising start-ups and post-start-ups to get "the farthest the fastest" with regard to efficiency and effectiveness. To the extent that the funders and support organizations work independently without a shared understanding of each other's goals, criteria, and measures of impact and success, they actually slow down the progress of the start-ups and post-start-ups. If funders and support organizations were to reinforce each other's goals and measures and communicate them clearly to start-ups and post-start-ups, then the start-ups and post-start-ups would get reinforcement from multiple directions. Collaboration between funders and capacity builders would not only benefit the grantees, but also decrease each individual funder's investment risk and enhance the sector as a whole.

Because the innovative Jewish start-up sector has a general separation of funding from capacity building, greater effort is required amongst Jewish funders and capacity builders to collaborate on the goals, shared strategies, and measurements for start-ups and post-start-ups. As demonstrated in Finding 7, the secular world has several examples of intertwining capacity building with funding. The Jewish community can learn from those models.

Increase collaboration among start-ups and post-start-ups.

As explained in Finding 3, strategic partnerships are helpful to both start-ups and post-start-ups. While some start-ups may need time on their own to establish their identities before they are ready to partner with other organizations, post-start-ups can find strength in collaborating with other organizations. The networks that form in incubators and cohort-based capacity building programs create natural opportunities for working together. New organizations that focus on related issue areas should minimally be well informed of each other's work and ideally collaborate whenever possible. Organizations working toward change in a particular part of the community can strengthen their effect when they work together.

Conclusion

Over the past decade, the Jewish community has experimented with launching innovative start-ups with much success. As the start-ups mature into the post-start-up stage, a new set of challenges emerge. For the first time in recent history, the Jewish community has bred a cohort of post-start-up organizations that are ready to build and strengthen the Jewish community from a multiplicity of approaches. The time has come to become educated about the next stage of organizational life in the continuum of non-profit growth, to understand the characteristics, needs, and roles of these new organizational forms in the Jewish community, and to understand the necessary communal inputs that can harness the post-start-ups' momentum and maximize their ability to contribute meaningfully to Jewish life. It is Bikkurim's and Wellspring Consulting's hope that the findings and recommendations detailed above will help inform the community and illuminate the conversations that are beginning to take place around the needs, growth patterns, and future of post-start-up organizations.

Each player in the community – start-ups, post-start-ups, support organizations, funders, and established organizations – has a role to play, and each has an interest at stake.

For the leaders of start-up and post-start-up organizations, this report presents characteristics of success as well as common pitfalls to avoid. The budgetary growth trajectory outlined in these pages should serve as an inspiration, showcasing the dramatic growth an organization can experience in the best-case scenario. Groups that seek to grow but are not currently progressing along the trajectory should not despair, but rather should redouble their efforts to diagnose their organizations' areas of weakness and set in place many of the best practices outlined in this report.

For the capacity builders, the study highlights the complex organizational development needs of start-up and post-start-up organizations and also identifies the preferred modes of learning across the lifecycle continuum. It underscores the fundamental importance of defining and measuring impact, both for start-ups and post-start-ups and for the support organizations themselves. It recognizes the systemic weaknesses of support organizations being at the post-start-up stage with similar financial and organizational challenges as the organizations they help. The study also calls for support organizations to strive for collaboration with other support organizations and funders in the innovative Jewish start-up sector.

For the funders – foundations, federations, and individuals – the study answers the questions of how much funding is needed across the continuum and for what purposes. It provides benchmarks for budgetary and organizational growth. And it highlights the need for a more robust and coordinated funding pipeline to meet the growth needs of high-potential, high-impact innovative Jewish start-ups and post-start-ups.

For the broader established Jewish community, the study gives insight to the inner workings of the innovative Jewish start-up sector and its key players.

As the organizations – and the sector – reach the next level of maturity, opportunities for partnership and integration of ideas are just beginning to emerge.

Understanding the dynamics inherent in seeding and supporting start-ups, and developing the community's ability to enable them to have a systemic, transformative effect on Jewish life, necessitates serious reflection and a commitment to action. The calls to action issued in this report are by no means easy or simple to implement. However, Bikkurim believes that innovative Jewish start-ups and post-start-ups serve as harbingers of the larger Jewish future and that it is incumbent on all players in the Jewish community to enable, advance, and integrate the most promising post-start-ups in reaching their transformative potential.

The Jewish communal landscape – in all of its parts – is constantly evolving. While the usefulness of the findings and recommendations outlined above is not restricted to this moment in time, adaptive thinking is the key to continuing to move this sector – and the entire Jewish community – forward in a positive way. This moment in Jewish history calls upon the entire Jewish community to think beyond the structures and modes of Jewish living of the past and to imagine and embrace the new possibilities of the future. The first fruits of the innovative Jewish start-up sector are ready to multiply into an abundant harvest of rich, vibrant, dynamic, and celebratory experiences called Jewish life.

Appendix

Definitions of commonly used terms

Over the course of this research, respondents used some phrases and terms repeatedly, but in varying contexts and implying different meanings. Fifteen of the most-often used terms are defined below to provide clarity in context of the study, and in the hope that they will prove useful for broader usage in the community.

Concept Phase

This is the initial phase of a project. The work of the Concept Phase is to establish a comprehensive model of a project, to define the problem to be solved, and to develop a proof of concept. Other aspects of the Concept Phase may include analyzing project constraints, alternatives, and assumptions underlying the project.

Established Organizations

Established organizations have typically been recognized as successful and have existed for a long time. They have established procedures, methods, and criteria for functioning. They are likely to be well known for fulfilling their missions. Established organizations may have official or unofficial authority in the field.

Incubation

Incubation is a form of organizational support, usually provided for a limited time, that provides start-up organizations with an array of resources and services that may include consulting, training, knowledge sharing, technical assistance, and access to a network of contacts. These services are delivered by an incubator organization whose goal is to enhance the viability and sustainability of the incubatees. Such services are typically provided in a physical location where multiple start-up organizations can work.

(Social) Innovation

"A novel solution to a social problem that is more effective, efficient, sustainable, or just, than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals."[14]

Mezzanine Stage Organizations

An organization is in the mezzanine phase following its start-up phase. By this point, the organization may have pilot tested its organizational idea, documented outcomes, and developed a written plan for growth, but it has not yet achieved large geographic scale or wide adoption. The phrases "post-start-up" and "mezzanine stage" are sometimes used interchangeably.

Organizational Ecosystem

An organizational ecosystem refers to the broader environment within which a set of organizations operates. Such an ecosystem is a complex system of interacting and interdependent players with symbiotic and evolving relationships.

Organizational Growth

Organizational growth is measured in terms of one or more dimensions, including budget size, breadth of influence, and the number of individuals associated with the group. Growth frequently results in increased impact and may require an organization to develop greater complexity.

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14 James A. Phills Jr., Kriss Deiglmeier, and Dale T. Miller, "Rediscovering Social Innovation," *Stanford Social Innovation Review* 6, no. 4 (Fall 2008).

Organizational Infrastructure

Organizational infrastructure refers to the technology, systems, and policies that shape operations in non-profit organizations in areas such as human resources, development, and information systems.

Post-Start-Up

Typically, an organization can be seen as entering the post-start-up phase when it has been in existence for more than seven years, has established a track record of funding, engaged a set of people in defined roles, formed a board, written a set of policies, and defined its business model. The phrases "post-start-up," "mezzanine stage," and "second stage" are often used interchangeably.

Scaling

To scale up a program or organization is to significantly increase the size, amount, or extent of its operations and/or impact. An organization can scale up by expanding its capacity, by developing independent affiliates or franchising, or by encouraging widespread adoption of its model by others.

Social Capital (1)

The stock of institutions, relationships, networks, and norms of reciprocity and trustworthiness that people or organizations can draw upon to solve common problems. The depth and intensity of these social connections affect the productivity of individuals and groups.

Social Capital (2)

The capital invested in an organization that seeks to maximize social good; also known as social investment. Such investment often occurs through the venue of a non-profit or for-profit entity and in many cases seeks to maximize financial return.

Social Entrepreneur

An individual who offers new ideas for change that address a social problem. Social entrepreneurs use entrepreneurial principles to create, organize, and manage ventures that will achieve this social change. The goal of a social entrepreneur is to build an organization whose work chiefly benefits society as a whole, not individual people or groups.

Social Intrapreneur

Social intrapreneurs act like social entrepreneurs within the organizations where they work. They offer new ideas for change to address social problems, and use entrepreneurial principles to organize, create, and manage ventures that will achieve this social change. The intrapreneur builds something akin to capital, takes risks, and shares rewards of success with the larger organization. The goal of a social intrapreneur is to build an organization for which the value created accrues primarily to society as a whole rather than to private individuals or entities.

Start-Up

A start-up organization is in its earliest stages of development. It typically has a founder with a vision or idea but has just begun to establish a funding stream, employee structure, business model, and practices and approaches. Its programming is highly experimental.

Sustainability

The capacity to endure - to have steady and reliable sources of funding and stable systems that enable an organization to achieve its mission and have impact over time. Sustainability in the non-profit (or social) sector does not imply financial independence from all philanthropic funding sources, nor does it mean profitability based solely on earned revenue.

People interviewed for this study

(titles accurate at time of interview):

Miriam Ancis, Executive Director, Toldot.org

Lauren Applebaum, Dean, American Jewish University; Director, Kesher

Joshua Avedon, Co-Founder, COO, Jumpstart

Steven Bayme, National Director of Jewish Communal Affairs, American Jewish Committee

Ariel Beery, Co-Founder and Director, PresenTense

Robby Berman, Founder and Director, Halachic Organ Donor Society

Aaron Bisman, Co-Founder and Executive Director, JDub Records

Laurie Blitzer, Chair, Gen i Task Force, Commission on Jewish Identity and Renewal, UJA-Federation of New York

Julie Bram, Co-chair, Los Angeles Jewish Venture Philanthropy Fund

Rachel Brodie, Co-Founder and Executive Director, Jewish Milestones

Nina Bruder, Executive Director, Bikkurim

Anne-Marie Burgoyne, Portfolio Director, Draper Richards Kaplan Foundation

Peter Cherneff, Immediate Past President, Footsteps

Priscilla Cohen, Past Chairman, Board member, Citizen Schools

Steven M. Cohen, Director, Berman Jewish Policy Archive at NYU Wagner

David Cygielman, Co-Founder and CEO, Moishe House

Barry Dym, Executive Director, Institute for Nonprofit Management and Leadership, Boston University School of Management

Lisa Eisen, National Director, Charles and Lynn Schusterman Family Foundation

Rafi Esterson, Director, Kesher

Lara Galinsky, Senior Vice President, Echoing Green

Billie Gold, Board member, Bikkurim; Immediate Past President, American Jewish Committee New York

Yoni Gordis, Founding Executive Director, Center for Leadership Initiatives

Mark Hanis, Co-Founder and President, Genocide Intervention Network

Bridget Hankin, Director, Corporate Development, KaBOOM!

Charles Harris, Co-Founder, SeaChange Capital Partners

Felicia Herman, Executive Director, The Natan Fund

Aaron Hurst, President and Founder, Taproot Foundation

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Martin Kaminer, Founder and Board Chair, Bikkurim

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Robin Katcher, Managing Director, Management Assistance Group

Elie Kaunfer, Co-Founder and Executive Director, Mechon Hadar

Ari Y. Kelman, Associate Professor of American Studies, University of California, Davis

Idit Klein, Founder and Executive Director, Keshet

Aliza Kline, Founding Executive Director, Mayyim Hayyim Living Waters

Alisa Rubin Kurshan, Vice President for Strategic Planning, UJA-Federation of New York

Shawn Landres, Co-Founder, CEO, Director of Research, Jumpstart

Amichai Lau Lavie, Founding Director, Storahtelling

Lisa Lepson, Executive Director, Joshua Venture Group

Richard Marker, Vice Chair, International Jewish Committee in Interreligious Consultations; Board member, Bikkurim

Evonne Marzouk, Co-Founder and Executive Director, Canfei Nesharim

Aliza Mazor, Program Director, Bikkurim

Nati Passow, Co-Founder and Executive Director, Jewish Farm School

Andrea Fram Plotkin, Director of Jewish Peoplehood and Identity, Jewish Federations of North America

Nessa Rapoport, Senior Program Officer, Charles H. Revson Foundation

David Rosenn, Founder, AVODAH: The Jewish Service Corps; COO, New Israel Fund

Jennie Rosenn, Program Director, Jewish Life and Values, Nathan Cummings Foundation

Toby Rubin, Founder and CEO, UpStart Bay Area

Adene Sacks, Senior Program Director, Jim Joseph Foundation

Julie Sandorf, President, Charles H. Revson Foundation

Nigel Savage, Founder and Executive Director, Hazon

Ora Sheinson, Co-Founder and Board Chair, Canfei Nesharim

Rochelle Shoretz, Founder and Executive Director, Sharsheret

Jerry Silverman, President and CEO, Jewish Federations of North America

Jane Slotin, Executive Director, PELIE

Jeffrey Solomon, President, Andrea and Charles Bronfman Philanthropies

Kim Symon, Managing Partner, New Profit

Sivie Twersky, Board Chair, Limmud NY

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Melissa Weintraub, Co-Founder, Encounter

Ari Weiss, Director, Uri L'Tzedek

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Shmuly Yanklowitz, Founder and President, Uri L'Tzedek

Brenda Bodenheimer Zlatin, Program Officer: Jewish Life, Israel, Human Rights, Jacob and Hilda Blaustein Foundation

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