Young Funders

To Innovate or Not to Innovate: That Is the Question

Erica Schacter ***Schwartz***

Is funding innovation economy-sensitive? Does it flourish during good times and wane during an economic downturn? Has the relationship between young funders and innovation been a mere fling that is likely to unravel from the pressures of a new economic reality?

Based on conversations with some young funders and professional staff from across the Jewish philanthropic landscape, the answer appears to be "no." The interest of young funders in innovation seems to be stronger and more long term than a fling. Through collective philanthropic funds, family foundations, and as individual donors, young funders who have pursued innovation during periods of economic growth have continued to pursue innovative projects and organizations during today's more challenging economic climate—albeit with occasional changes in focus. Many of these young funders, most of whom are in their 20s, 30s, and even mid-40s, see innovation as a value worth incorporating into their philanthropic portfolios, regardless of economic conditions. For some other young funders, funding innovation is a value, but one that involves more risk and therefore fluctuates slightly in importance with changes in the economy. There are some young funders who have resisted the idea of funding innovation even during the prosperous years, but still found their giving affected in other ways as the economy weakened. For the most part, however, the commitment to innovation runs deep among young funders today, and the new economic landscape is merely seen as an opportunity to rethink, re-strategize, and reprioritize the most effective ways of finding and funding innovation.

It is hard to pinpoint exactly when the relationship between young funders and innovation began, but "the first mechanism to explicitly bring together young funders to allocate money collectively was Natan, which was founded in late 2002," explains Natan's executive director Felicia Herman. By creating a community of donors mostly in their 20s, 30s, and early 40s, Natan's mission specifically ties together young funders with innovation, inspiring "young philanthropists to become actively engaged in Jewish giving by funding innovative projects that are shaping the Jewish future."

"The founding of Natan," continues Herman, "emerged out of the same spirit of entrepreneurialism that was animating the flush of innovative new organizations founded at around the same time, many of which were seeded by Joshua Venture Fellowships (founded 1998) and/or incubated at Bikkurim (founded 2000)." Natan, of course, is not the only group focused on innovation. Others have followed suit, forging a bond between young funders and innovative

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causes; for example, Grand Street (founded in 2002) and the Slingshot Fund, another collective group of Jews in their 20s and 30s seeking, as its mission says, "to highlight, encourage and provide capacity building grants to creative organizations" (see the article by Will Schneider in this issue). In fact, the Slingshot Fund was an outgrowth of the book *Slingshot: A Resource Guide to Jewish Innovation*, which has been published annually since 2005 and which highlights innovative organizations, giving them prominence and recognition among young funders today.

So how has the economy affected the eight-year-old relationship between young funders at Natan and innovative organizations? According to Herman, members continue to be strongly interested in innovation. "There is a real interest in and tolerance for new ideas, for some amount of risk, and the idea of supporting people who are finding new ways of solving problems in the Jewish community." Toward that end, Natan's grantees are smaller organizations, startups very frequently, like Godcast, the Jewish Farm School, and Kavana (all the leaders of which were Joshua Venture fellows this past year.) "Across the [grant] committees we are interested in finding creative, new ideas and trying to give them some legs."

But what Herman did notice during the period of economic uncertainty was "an increased attention to shepherding Natan's resources in the most effective ways. We were more careful how to spend Natan's money," she says, "not less interested in innovation."

Pointing to one of Natan's several areas of grantmaking—economic empowerment of Jews in North America—she explains that the grantmaking committee "has sometimes struggled to find innovation in that field, but has consistently *not* funded things it does not find innovative." In other words, the committee did not settle for less innovative projects: Innovation was and is still a must.

Greg Brenner, a Natan member since 2002 who sits on that grantmaking committee, describes why innovation is so important to him:

> *What keeps me interested in innovation is getting in early on something new and exciting. You can be on the ground floor of helping someone who is say 25, you can be there day one, and give them the capital they need to be involved in the Jewish community for a long time.*

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Brenner is part of a traditional, Modern Orthodox community, where he also funds more established, but arguably less innovative organizations like the Jewish Federation and Collel Chabad. These bigger places are important to him too, he stresses, because they meet certain needs effectively and on a wider scale, but what he likes about Natan is the personal involvement it enables him to have with the smaller organizations. "This is what I like about innovative projects," he says, "the personal involvement, meeting the people, getting to know the organizations." (All Natan finalists must make an in-person presentation to the committee.)

This type of hands-on approach to philanthropy, which is possible with the smaller, newer, and yes, more innovative organizations, is something that also resonates with the Jewish Venture Philanthropy Fund (JVPF) of Los Angeles, a program of the Jewish Federation of Greater Los Angeles**.** JVPF uses a very similar model to Natan, and there too, explains Scott Minkow, its Director of Strategic Community Investments and Community Development, the interest in innovation has not been affected by changes in the economy. "Sometimes they fund brand new organizations, sometimes a new program within an organization. We don't have a specific giving area," he continues. "We just give to programs that are innovative, scaleable and that have an impact."

He goes on to describe how unwavering the group has been in this mission even as the economy began to turn sour. Before sending out requests for proposals last year, JVPF members discussed whether they were interested in directing a contribution toward a project that straightforwardly addressed economic need, but decided against it. "We decided this is still our priority—to fund innovation," Mr. Minkow says, and the group ended up funding projects that had to do with Israel and Israel advocacy.

But then, as it neared the end of the grantmaking cycle, the group decided to put some money aside for social services and those in need in Los Angeles. JVPF found a project called "Food Forward" that was created in 2009 and mobilized volunteers to pick fruits and vegetables from people's yards and deliver them to food banks. This was finally the type of program it had been looking for, explains Mr. Minkow: "something innovative that was more directly addressing the economic demands of the time."

Like Natan, JVPF remains committed to innovative causes in large part because that is where its members feel they can be most involved. According to Minkow,

We like to help organizations move from volunteer to professional, helping them with business planning, technology, and legal consulting. We offer these areas of expertise to our grantees throughout the application process and continue to remain involved in the organizations to help them use the grants most effectively.

Marcella Kanfer Rolnick, president and chair of the Lippman Kanfer Foundation, a foundation whose mission is "to repair and enrich the world through thriving Jewish life," has also seen the tougher economic climate not as a deterrent to funding innovation but as an incentive to rethink the most effective ways of finding innovation:

The changes in the economy didn't impact our focus on innovation fundamentally. We have believed it's been an opportunity to step back from current thinking and ways of working to challenge conventional wisdom and experiment. So while clearly we've seen real challenges that the economy has posed to nonprofits and have had to think about how to respond at that basic level, we've also seen creative responses which align with our focus on innovation, both within existing organizations and new.

According to Kanfer Rolnick, in determining whether an organization is innovative, "most people think in terms of the program. We think about the organization. Is the organization agile? Are they responsive to market changes? I am drawn to organizations that are rigorous in their thinking and strategy. I am drawn to things with real strategy, real Jewish substance, real Jewish learning."

Yet, innovation is not pursued to the exclusion of everything else. "We support Jewish innovators," Kanfer Rolnick says, but "we are also supporters of the mainstream institutions. We feel we are part of the community and we need to pay our dues to the Jewish community. Someone has to pay taxes to the government. We pay our taxes to the Jewish community." That said, she emphasizes, "even when we support core institutions, we encourage creative, innovative responses to how they address basic needs." Again, the commitment to innovation remains strong.

For other funders the economy has sometimes made it difficult to choose between their desire to fund something new and exciting and their sense of responsibility to long-standing institutions.

One funder, who lives on the Upper East Side in Manhattan and works in medicine and whose husband is an investment banker, admits that the economic downturn did push them more toward supporting older, larger institutions. This couple, who wished to remain anonymous, has worked with the Jewish Funders Network to organize their giving into three main areas of focus—Jewish education, health, and poverty—with an overarching focus on those issues in Israel. They describe a fourth category, a "good citizenship category," in which they contribute to the institutions they are a part of—the school their children attend, their synagogue, their colleges, and so forth. "We have a tremendous amount of *hakarat hatov* (gratitude) to those institutions," she explains.

During the years of economic growth, they became interested in newer institutions—as an example, she gives Leket (formerly known as Table to Table), which salvages food and unused crops in Israel and redistributes them to those in need. Like the other young funders have described, "in newer institutions," she says, "you can see what each dollar can get you. You can make a bigger difference on a smaller institution. With [Leket] we looked for ways to fund the infrastructure to help bring the organization to the next level, helping it turn from a one-man show into an actual organization."

What this couple also likes about the smaller, newer organizations is that they allow them as funders to distinguish their giving from other members of the Orthodox Jewish community of which they are a part:

What's becoming a problem on the Upper East Side is that we're all involved in the same places. It's very crowded. It's always the same names. We don't want to always be supporting the places our friends are supporting. We want to feel like we are doing something different and making a difference.

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But that said, as the economy changed, they did have to prioritize differently. "When the economic crisis hit, we didn't look at new things; we wanted to keep our multi-year commitments to our priority places. Now we are looking for new things again."

Additionally, she says, their focus of giving changed slightly as times were harder. Not only did they take a step back from innovation, but as she describes, "we became familiar with and struck by the poverty in New York, which we had never thought much about, and so we made a large contribution to the Metropolitan Council on Jewish Poverty." In other words, they turned their attention once again to the more traditional forms of helping the needy.

The heightened sensitivity to poverty during a period of economic decline is echoed by another Upper East Side funder, Abigail Lindenbaum Tambor. Tambor divides her giving between individual gifts she makes with her husband, and a sibling pool that her parents established to encourage their children to make collective gifts. From the family pool comes most of the institutional giving—to schools, synagogues, AIPAC, and organizations that her parents have been involved in or that have honored family members.

In contrast to some other young funders, for Ms. Tambor, innovation is not really such a priority. "I am not so into the hip and cutting edge. I need to know that I am giving money to something that is going to be around for a while," she says, citing organizations like Met Council or the American Jewish World Service as examples.

Jewish education is a big priority for her, but there too she is more comfortable with giving to the long-running institutions:

I give to Hillel, because I want my kids to have a rich and compelling Jewish life when they get to college. I give to my children's day school because I want the things they learn to be thoughtful, innovative, gender-sensitive, and so on. These goals are very clear-cut for me.

But despite her reservations about innovation, the economy has affected her giving. She divides her philanthropic giving into two categories—one that she labels "conceptual ideas," the other that she describes as "the nuts and bolts of needy people." In other words, she is torn between organizations that address causes that are important to her (the Jewish Orthodox Feminist Alliance, Hillel, Drisha, Jewish education programs) and those projects that are seeking answers to such issues as hunger, poverty, and homelessness. In a difficult economy, she acknowledges, the second category of overt need seems more compelling to her than supporting the ideological causes. As she puts it in one succinct example, "when you see someone struggling to pay for food, it doesn't feel so important whether there are women rabbis."

In these last two examples of individual funders, changes in the economy did cause a similar shift in their giving. For the couple who was interested in innovation, the economic changes moved them slightly away from innovation and toward the more traditional areas of giving, or the more basic categories of *tzedakah*. For Tambor, the suffering economy turned her attention slightly away from ideological areas of Jewish giving and toward more concrete ways of helping the poor. In contrast, the collective funds like Natan and Jewish Venture Philanthropy of Los Angeles did not experience this shift, but remained committed to the concept of innovation. The Lippman Kanfer Foundation also took a step back to restrategize and reexamine the landscape, but ultimately remained committed to supporting innovators in the Jewish community.

Another individual, Daniel Price, who is the treasurer of the Jewish Funders Network and is interested in funding innovative programs and organizations, also acknowledges that the "economy has had an impact" on his giving:

The needs have changed; there's been a huge growth of demand in hunger, homelessness, job training, and I've shifted some of my giving to those needs.

But the economy has had another impact on Mr. Price's giving as well. In the tougher economic climate, Mr. Price became worried about some of the smaller organizations with, say, only four or five staff members and limited resources. "I slightly increased my giving to small organizations," he says, "where I was worried about the cuts they were going to make, and that those cuts were going to impact the long-term success or viability of the organization."

What kinds of small, innovative organizations are important to him? Price likes to look at an organization's budget, its leadership, and also "how sustainable the organization's model is." An example of effective innovation for Mr. Price is JDub, which uses music to enhance Jewish identity. "Music has been the bedrock tool," he says, "but the organization is continuing to evolve and look for new ways to advance its mission. They are very flexible, self-critical, are always pushing themselves, always looking to take it one step further."

But in the pursuit of innovation, he also makes an important distinction:

Innovation for innovation's sake is not so exciting for me. Innovation to find better ways of promoting Jewish identity is great. Innovation to bring more Jews to worship is great. Innovation is great so long as what you're finding is actually better, not just new.

Innovation has two sides to it. You want to find the best answer to whatever the problem is you're trying to solve. The flip side is that when you find a new mousetrap, the new mousetrap is not necessarily better than the old mousetrap.

This appears to be the thinking behind another individual funder's giving. Jacob Doft is "not that interested in innovation right now" and so chooses to focus on the "old mousetraps," if you will, the established institutions. But he is not resigned to just giving them a check and leaving them alone. While many young funders find that it is in smaller organizations where they can have the most impact, for Jacob and his wife, it is with the organizations they have long been a part of where they feel incentivized to give their time and financial resources and where they ultimately feel they can make the greatest difference. Doft says,

We don't give to an organization unless we have tremendous confidence that it's managed well, or unless we're involved in the management of it. We like to be involved in deciding how the money's spent. We feel we have a much bigger impact when we can combine the use of our money and our skills and so we choose charities that we're uniquely qualified to help.

He gives his children's day school, Ramaz, and Amit as his two prime examples.

We understand that these organizations have to change in order to appeal to our generation and we want to help them to do that. We want to take these older organizations and update them, bring them into today's culture.

What is interesting is that, although at first this approach seems to be a counter-reaction to innovation, perhaps it is simply another take on innovation. Rather than pursuing innovative organizations, this strategy looks to help an older organization become more innovative. It is not a rejection of innovation, but an effort to infuse the more traditional organizations with elements of innovation and relevance to today's generation.

What becomes clear then is that young funders today pursue innovation in different ways, but overwhelmingly, the interest is there. In the collective funds, innovation seems to be at the forefront of their mission, and the new economic realities have simply forced the members to think more seriously and selectively about the best ways to fund innovation. For individuals, the changes in the economy have reminded them that innovation is not an end in itself and that efforts must be made to make sure that an actual need is being met. But across the board, young funders today want to keep the organizations that are important to them dynamic and innovative—whether those organizations are small start-ups or large, decades-old institutions. The key is impact: The organization must make an impact on the community it serves, and young funders themselves want to have an impact on the organizations they support.

Daniel Price said it perfectly: "Innovation for the sake of innovation is not helpful. Innovation for the sake of impact is helpful."

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