STARTUPS THAT STOP: LESSONS FOR THE JEWISH NONPROFIT WORLD

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Abstract:

The American Jewish nonprofit world has enjoyed significant growth in the field of Jewish Social Entrepreneurship. While many Jewish Startups have been successful; there are a few that had to stop their operations after relatively short periods of time. This thesis is a close examination of initially successful Jewish startups that had to cease operations after a 3-5 year period.

Information for this thesis was solicited from the principals of four major Jewish incubators and four startups, as well as several other lay and professional leaders in the Jewish community. Mixed methods of analysis were used: professional and lay leaders were interviewed using a unified protocol; cyber ethnography helped to collect and analyze scattered data on the web. Through those methods, key findings were singled out and suggested for further discussion among the engaged members of Jewish community.

The author does not judge startups, incubators or funders, but rather researches some of the underlying reasons, potential miscalculations, and assumptions that were made by the founders which led them to cease operations. One of the key findings of this research is that even those ventures stopped after only a few years of operation still had a significant communal impact and influenced other entrepreneurs interested in similar areas of work.

Recognizing that we can learn as much from ventures that stopped as from those that succeeded, it is hoped that Jewish entrepreneurs, incubators and funders will find this study useful in their future deliberations.

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I want to especially thank Lori Klein and Richard Siegel for becoming my mentors and teachers showing by example what a Jewish communal professional should represent in their knowledge, actions and decisions. The bar they have set is high and I will always be looking and learning from them in the coming years.

This thesis would not be a reality without the wise and attentive guidance of my advisor, Richard Siegel. His vast knowledge of organizational structure, Jewish Innovation Ecosystem, experience in Board management and leadership development, endless hours and patience, helped me to set my goals, shape the vision for my work and develop it into comprehensive research. I sincerely appreciate his time, guidance and willingness to work with me on this project.

The research for this thesis would not have been possible without the help of professionals working in the field of Jewish Innovation. I want to especially mention representatives of Bikkurim, Joshua Venture Group, UpStart Bay Area, Slingshot Fund, Ayecha, The Curriculum Initiative, Lishma, Hillel. I want to thank them for their openness during the interviews, access to their materials and the time they found to talk to me. Working with them allowed me to better understand what an important task each of these organizations is or was doing and what impact has been achieved with their help.

Lastly I want to thank my family, friends and colleagues for encouraging and supporting me throughout different stages of this work. My wife, Jewish Educator Olga Zelzburg, for constant feedback and loving support; my classmate and future colleague Matthew Lipton Schwartz for brainstorming and helping me think big; my Hillel colleagues and mentors Rob Goldberg, and Julia Levy for being willing to help when I needed that.

My work on this subject has been motivated by the sincere hope that it will aid those who are actively engaged in the field of Jewish Innovation, whether starting organizations, incubating or funding them. I want to expand the learning curve of Jewish Innovation Ecosystem and provide a deeper look into organizations that were conceived, incubated, worked, delivered results and stopped. I'm hopeful that the lessons drawn from these examples will help others to create a strong, sustainable Jewish future.

Chapter I: Introduction:

Jewish community has always been a catalyst for innovation. Judaism is a religion that encourages questions and arguments, typified by the Talmud, an unprecedented body of literary work, unique both in style, content and layout. Other innovations such as Kashrut, Beit Din, Seder, Cheder, Responsa, and Kvetching – can be viewed separately or collectively as an investment of Jewish literacy and inquiry into the universal library of knowledge.

In the middle of the nineteenth century the world of European Jewry witnessed a major revolution in Jewish education and worldview – the Haskallah – the Jewish Enlightenment. Maskilim (Jewish innovators, reformers and radicals) were intent upon transforming their own Jewish communities of origin by introducing new ideas about modernity, secularism and social change.

"From a broader Jewish historical context, Jewish innovators of today can be viewed as the twenty-first century equivalents to the Maskilim of Europe." (Aviv 2010) As in the Nineteenth Century, when innovators were well-educated both secularly and Jewishly, "many of today's Jewish social entrepreneurs reflect a long-term investment in Jewish education and leadership, which created a cohort well-prepared and highly motivated to shape its own communal destiny." (Jumpstart, The Natan Fund, and the Samuel Bronfman Foundation 2011) According to researcher and analyst Jack Wertheimer, "many startup leaders have been beneficiaries of the investment in Jewish education and identity." According to the findings of the 2010 Survey of New Jewish Initiatives, "the contemporary field of Jewish startups is created by and for the same population...they (the professional and lay leaders) have educational, employment and religious background similar to the populations they serve." (Jumpstart, The Natan Fund, and the Samuel Bronfman Foundation 2011)

I am a part of this demographic -- a young, educated Jewish professional with previous experience in the Jewish nonprofit sector – and as a prospective startup founder, I decided to analyze best practices of startup organizational development for my Master's Thesis in Jewish Nonprofit Management. In order to build a paradigm for success, it is important to utilize the knowledge received from the experience of previously established Jewish startup institutions. For the purpose of this study, "a Jewish startup is defined as a new Jewish organization founded in 1998 or later with a budget of \$2 million or less." (Jumpstart, The Natan Fund, and The Samuel Bronfman Foundation 2009)

There are now at least 600 Jewish startups in North America, reaching well over half a million people in the USA alone, by one estimate¹. The rise of Jewish entrepreneurship reflects the general trend in de-institutionalization and independence among the emerging Jewish leaders of the Millennial Generation. Nearly \$200 million flows to Jewish startups every year² to support these groundbreaking ideas. However in many instances funding is insufficient to enable the organization to fully establish itself and, after two or three years of operation, some of these startups have to stop operations.

Among the cited surveys and bodies of research, a lot of attention is directed at the trend of social entrepreneurship, its influence on the contemporary Jewish NPO sector, and the dramatic growth of investment into it. However, the goal of this study is to analyze reasons, implications and consequences of the Jewish startups that had to stop their operation after several years of providing services. With more than one hundred new Jewish startups every year, how many of them are still in operation after the initial startup period? How many of them cease their

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¹ Jumpstart, The Natan Fund, and the Samuel Bronfman Foundation. 2011. 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., p.3

² Ibid p, 1

operations, merge with similar agencies, or change their mission? What can other social entrepreneurs, venture philanthropists and community leaders learn from these experiences? These questions present the dominant focus of this thesis.

Research Questions:

- 1. When the Startup stops, does it represent failure or a learning opportunity?
- 2. When the organization stops, what happens to its leaders, and funders?
- 3. Does the area of organizational interest (education, engagement, religion) impact the potential of its success?
- 4. Can the success of Jewish startups be assessed individually or only as part of the "Innovation Ecosystem" (Innovation Ecosystem: Emergence of the New Jewish Landscape, 2009)?

Chapter II: Methodology and Expected Results:

This research was designed to collect several layers of information regarding Jewish Startups, to look into the field in general, to identify major players – incubators and startups; and to narrow down received information into relevant subcategories: funders' and professionals' points of view.

The research began with an analysis of web-sites that deal with the Jewish nonprofit field to see what attention, if any, is given to the Startup sector. The timing of this research coincided with the closure of JDub (a highly successfully start up in the music promotion and publishing arena), which spurred a lot of interest and concern regarding the Jewish Innovation Ecosystem. In order to collect data on various startups that had to cease their operations, I decided to interview Jewish professionals who represent incubators and think tanks that help Jewish startups take off. Based on the information provided, I then conducted interviews with founders of four startups, which were initially working, but subsequently had to shut down. Questions included how their idea evolved, took shape and got incubated, as well as what support was provided by other Jewish professionals and lay leaders. Founders of these startups also shared their point of view on the impact their organizations managed to achieve and what happened that forced their organizations to stop.

Research was conducted with a mixed methods approach (quantitative and qualitative methods):

Interviews

Interviews were the critical part of this research. Some of them (mostly those that dealt with selected organizations) were in person; others were conducted either over the phone or over Skype. There were separate interview scripts developed for:

- Funders
- Startups

Unified Protocol

To create a foundation for the analysis, comparative data was collected, and a unified protocol was developed to research and compare various organizations. It incorporated interview scripts from Lay and Professional Leadership, as well as the Funders of respective Organizations.

- Cyber ethnography

The author found a great deal of relevant information on the websites of foundations and organizations, their Facebook groups, GuideStar.org, etc.

Expected Results:

The goal of this research was to study several Jewish startups, analyze commonalities among them and identify factors that ultimately led them to cease operation. Based on the received data, it was possible to examine the leadership styles, managerial decisions and maturity of the agencies that had stopped operating. There was an expectation of seeing that:

Leadership:

- transferred into other Jewish organizations in different roles
- founded new startup organizations
- left the Jewish world

Funders:

- keep funding startups with similar business plans
- work closely with the beneficiaries to prevent the cessation of their operation

Chapter III: Incubators

Three incubators were interviewed: Bikkurim, Joshua Venture and Upstart Bay Area. Representatives of Jewish Jumpstart and Slingshot were also interviewed, as they are working on the assessment of the Jewish Innovation Ecosystem. The set of questions can be found in the Appendix to this thesis. A standardized script allowed for the comparison of similarities and differences among the organizations and the ways they approach working with startups.

Bikkurim: an Incubator for New Jewish Ideas

The first of the first-fruits of your land you shall bring into the house of the Lord.

(Exodus 23:19; 34:26)

This Biblical reference welcomes everyone who enters the Bikkurim website, and subsequently, can be associated with the vision of this organization – to bring to life those exciting, challenging, innovative ideas that will transform into fruitful organizations with proper incubation. "The goal of Bikkurim: an Incubator for New Jewish Ideas is to energize and enrich the North American Jewish community by finding innovative Jewish ideas and nurturing them to organizational sustainability. Matching entrepreneurial drive with organizational know-how, Bikkurim transforms the dreams of visionaries into a tide of initiatives that contribute meaningfully to Jewish life and expand the nature of Jewish community". (Bikkurim 2012) The incubator is located at the offices of Jewish Federations of North America (JFNA) and is in part funded by the Federations; the other significant donor is the Kaminer Family Foundation. Bikkurim itself can be viewed as an innovative project that an established organization, such as JFNA, funds to nourish new ideas among the local community.

I met with Nina Bruder, Bikkurim Executive Director, and asked her about the history of the incubator, its goals, application process and incubation period. We also talked about already closed organizations that Bikkurim supported as startups. Nina shared that since its founding in 2000, Bikkurim has provided over a half-million dollars of in-kind support to a total of 28 new Jewish organizations. Bikkurim participants receive free office space and professional support while in residency in the incubator, a period which may last for up to five years.

A strong applicant for Bikkurim is a team (more than one person) with an idea that has already been tested to some degree, where there is some track record and evidence of traction with the target audience; it's not just an untried concept. Bruder: "It's like – they tried it a bit – they have encouraging results, and they are ready to throw themselves in. It's not for curious exploration (that's what Present Tense³ is for). We want to scale and make it happen."

"We fund innovative promising new ideas and help build organizational infrastructure to launch them with the goal to help them become sustainable in time. We work with ideas, founders and organizations – we don't focus on individuals – we work with organizations. We believe that is a key to launching a solid startup – it's not just about one person. It's not just about their leadership – it's about the whole team – including the board, senior staff. The founder is an important person, but not the only one. Our goal is to take (the burden) off the founder's shoulders – because then you run into a lot of burnout."

According to Bruder, Bikkurim demands a lot from their applicants: twenty hours a week, multi-year commitments, regular reporting, and effective fundraising to cover their own cost Financial support comes in three stages of formation of the organization: 1^{st} - \$5000 – that is unrestricted to enable the very first organizational steps; 2^{nd} – \$7000 – the period of biggest organizational growth, when first staff is hired, a program is launched; and 3^{rd} – \$3000 – during the last operational stage, when the startup is running and is leaving the incubator. All this money, however, while necessary for functioning, is the smaller piece of Bikkurim's support. . "We demand a serious commitment to working in partnership with our consulting team. The real

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³ PresenTense Group "engages and inspires the most creative minds of our generation, investing in their ideas and energy to revitalize the Jewish community. PresenTense enables young Jews to have global conversations about new ideas and envision a better future. And when they're eager to act upon these ideas, we educate and equip them for success."

essence of our program is not a free space – it's a consulting relationship." (Bruder 2011)

Ongoing in-kind legal support and professional development training is something this incubator is proud of. When entrepreneurs are thinking of opening their venture, often times their mind is set only on fundraising, hoping that when cash comes in, the rest will grow. Unfortunately this is generally not the case. Even though Bikkurim does not require strategic business plans from its applicants, they do ask for a one year outline, and if accepted, the startup goes through a goal renewal process.

"I don't think that at this stage organizations have any idea what is happening to them within three to five years, so much happens within a year. At a second year mark, we do a portfolio review – to have a look at the last two years and show evidence of growth, staff, program, money; and if they are going strong they can be renewed for two years. If, in their fourth year something happens – they can stay for a fifth year. The more typical stay is four years." (Bruder 2011)

All that preparation and training is obviously directed to prepare organizations for a sustainable future on their own. For Bruder, the definition of sustainability is "the capacity to endure – to be able to stick around. It takes so many elements, you need to have a strong business plan, you need committed dollars, leadership, senior level expertise, growth plan, and corporate structure." (Bruder 2011) It is also important to understand that no two organizations follow the same path – so their sustainability models can be very different. What can be learnt about one organization cannot necessarily be applied to another – no two look the same.

While being at the incubator, Bikkurm tries to open as many "doors" for participants as possible to get fundraising meetings with potential donors. One of the general issues of people who start their business from scratch is a sense of isolation, and without significant impact, donors are unwilling to take meetings. As a Bikkurim fellow, however, the startup gets access to multiple networks and is introduced to the visionaries of the Jewish philanthropic world. Dan

Brown, a Social Action Coordinator at JHub in London, shares his experience on purposefulness in connections:

"Finding ways to connect that are meaningful and values-based. Seth asked participants to write down people they had been introduced to that they found interesting and have gone on to build worthwhile connections with, the people they had introduced to others, and who had introduced others to them (who were their 'connectors/weavers'). I realized I had really benefited from being introduced to others, and decided that now it was time to more consciously start doing the introducing." (Fishman 2012)

Unfortunately even with all the efforts and training that happens during the incubation period, the future of the startups is not secured. With the almost thirty startups that Bikkurim incubated, there are four that have completely stopped their operations:

- Machar Rabbi Jon Spira-Savett worked with Jewish teen philanthropy programs around the country.
- Toldot.org The Online Jewish Museum of the Next Generation was a new vehicle for fostering Jewish cultural and religious identity among kids and teens. Toldot produced content-rich exhibits for use in home, school, and community settings.
- 3. Ayecha Resource Organization The Ayecha Resource Organization was a Jewish diversity education and advocacy organization that provided training, curricula, and support for diverse Jews through outreach events and the facilitation of dialogue within the national Jewish community.
- 4. JDub Records was a not-for-profit record and event production company for innovative Jewish music and cross-cultural dialogue.

As was mentioned before, no organization is exactly like another; subsequently the reasons those organizations went out of business are drastically different. Some were too innovative or were presented to the audience to early, when people were simply not ready to embrace the idea. Bruder shared that Toldot, for example, was an early internet technology – an online Jewish

museum which allowed everyone to upload their pictures and stories online. It started before FaceBook, and people simply did not see any value of uploading their files to the internet. Ayecha raised the issue of Jewish diversity – a term that is common today did not even appear on Google search back then. Even though they closed, however, it is clear that all of those organizations still had an impact. "Closure doesn't mean there is no impact. But sometimes it means failure; failure doesn't mean there is no impact. You can't say there is no negativity in closure, no one is happy when they have to stop their operations." (Bruder 2011) In some instances, the efforts of those that closed became the foundation for next generations of social entrepreneurs

Another Bikkurim organization which is still in operation, but had to merge with another Jewish nonprofit. Storahtelling is an organization that promotes Jewish cultural literacy through theatrical performances and educational programs for multi-generational audiences. After being a travelling theater for nearly a decade, it found a home at 14Y (a Jewish community center). Merging, according to Bruder, is a much more complicated endeavor that it might seem; it is easier to be a standalone than to be adopted or merge. It requires changing the mission of the organization and finding effective ways of operating in a new environment, with a new board and new fundraising portfolio.

When asked if Bikkurim foresaw that any of the mentioned organizations would not make it, Bruder responded: "Not at all! We wouldn't take on them if we were not sure. Sometimes we are ready to take the risk. We have to avoid some of the pitfalls. We don't expect that all of them will last. If we only had organizations that lasted – we would have to admit that we don't take enough risks." (Bruder 2011)

Asked if there were any common patterns among the organizations that closed, Bruder suggested that there were "too few to extrapolate a pattern, but, if the founder had a fatal flaw – missing deadlines, appointments, bad professional habits; if the Board of directors was not in alignment with the head; if there was in-fighting – it was a tremendous drain. Some organizations are just bringing ideas to the community ahead of time – too early, as we saw with Toldot. (Bruder 2011)

Joshua Venture Group

The story of Joshua Venture Group – a New York City based incubator can be a good case study about startups in itself. The following description can be found on their webpage devoted to the history of the organization

Originally founded in 1998 by three leading American Jewish foundations: Nathan Cummings Foundation, Righteous Persons Foundation and Walter and Elise Haas Fund, sought to empower young leaders with the resources and tools to build influential projects that would bring new life to their Jewish communities.

Over the course of its operations, Joshua Venture supported two cohorts, comprised of eight Fellows each, assisting them to introduce groundbreaking ventures to the Jewish world – the majority of which continue to operate across a variety of fields today...

While the success of Joshua Venture's Fellows abounded, due in no small part to the support they received from the organization, serious governance, financial, and management challenges led Joshua Venture's board to put the organization's activities on hold. In 2005, Joshua Venture suspended its operations...

A small group of leaders spent the next two years evaluating the program's effectiveness; restructuring its governance, program and funding model; and building a strong financial foundation. In 2008, a group of philanthropists – the Charles and Lynn Schusterman Family Foundation, the Lippman Kanfer Family Foundation, the Nathan Cummings Foundation and the Stanford and Joan Alexander Foundation – committed to funding a re-launched Joshua Venture's core operations...

Building on the strong foundation of the original Joshua Venture, and having learned much from its successes and shortcomings, Joshua Venture Group rolled out an enhanced and improved version of its earlier incarnation in 2009. The addition of the word "Group" to our name reflects an emphasis on the fellow cohorts and their respective endeavors that will collectively impact the Jewish world. As it also alludes to a venture capital business, it highlights that those projects to be funded and mentored will be held accountable for their performance and judicious use of funds. (Joshua Venture Group 2009)

This story of growth, support, revision and reintroduction to the field of Jewish philanthropy can be viewed as a blueprint for modern startups that are just testing waters. The fact that a large incubator, supported by visionary foundations, sponsored two cohorts and then had to re-assess its efficiency, strategy and eventually step back for several years shows that no organization is

protected from unexpected turns in its development. But if obstacles happen – with proper guidance and vision, there is a potential for an improved approach and capacity for growth.

Today Joshua Venture Group (JVG) identifies emerging leaders in the Jewish world and champions their visions for social change. (Joshua Venture Group 2009) It articulates its mission to reinvigorate and expand the Jewish community by cultivating the leadership and management capability of talented, passionate young Jewish social entrepreneurs and by investing in their visions and the growth of healthy, sustainable organizations.

Lisa Lepson, JVG Executive Director was interviewed about the incubator and startups they support. Asked about the business she believes her organization is in, Lepson explained that JVG supports the concept of a dual investment — in visionary leaders and in ground-breaking ideas. "We believe that the cultivation of both leaders and the enterprises they seek to build has that much more potential to profoundly impact the Jewish world and the world Jewishly. We only work with people who are leaders and who work on their project, and we see that it has a significant potential." (Lepson 2011)

Over the period of two years that startups are incubated, Joshua Venture distributes over a \$100,000 in total. In 2010 they received 131 applications for only eight spots. In order to thoroughly understand the type of person and change they were seeking, JVG built off Echoing Green's powerful definition of social entrepreneurship and integrated their own mission and Jewish values to create a working definition of a social entrepreneur in the Jewish community:

- The originality and potential impact of the idea;
- The soundness of the business model and venture structure; and
- The leadership potential of the social entrepreneur.

Just as an entrepreneur in the business world does, the Jewish social entrepreneur identifies a void or significant opportunity in society and acts to address it with the aim of effecting

positive social change. The entrepreneur develops a creative solution and a sound business plan to shift the status quo by implementing a venture that is sustainable and significantly impacts the current landscape. (Joshua Venture Group 2010)

According to Lepson, JVG is looking for organizations that are trying to "fill in the gap" in the community and bring new solutions to existing issues within the community. When asked if the personality of the applicant, their charisma, mattered to the incubator, Lepson responded that they did a lot of research on what it takes to be a successful social entrepreneur.

I wouldn't say it is a personality, rather it is a competency in terms of executing a good idea. We're are not just looking for charismatic leaders, that's not how we would define it – social entrepreneurs are those who are able to persuade others to come on board and help to build an organization – a high level of perseverance to continue to work on something when people continually face obstacles – whether in fundraising or program development or lots of other potential road blocks, and it takes a good negotiator who has interpersonal connections in dealing with stake holders at all levels – board, funders, potential constituency. (Lepson 2011)

Similarly to Bikkurim, JVG does not require its applicants to provide a strategic business plan, however they do look into three years of milestones, once accepted; it includes two years while in the program and one, after a startup graduates. When fellows receive their initial \$7,000 stipend, Joshua Venture asks them to figure out what kind of technical support they need to reach those milestones, and then they use those funds for technical support (marketing support for example). "At the same time we coach them on a regular basis, and they are in touch with us, so if they have a legal question we are happy to put them in touch with a lawyer who is a member of our Board." (Lepson 2011)

When asked about the way she would define a success for a startup, Lepson said that scalability and sustainability would be important factors that everyone should count in, but eventually it all boils down to impact. "Not all organizations are intending to scale. Impact can

be deep as well as broad. Of course, the more people you reach the more impact you can have, so there is an element of scalability and sustainability as a goal." (Lepson 2011)

Reminiscent of what Nina Bruder was saying, Lepson agrees that a successful social entrepreneur would try to build an organization that centers on the team, so that there is a "crowd" that feels ownership. So if the founder has circumstances that change – the board can continue with the mission and bring in a new executive. "Sustainable organizations can bring in new leadership and still remain true to its mission. Many times founders of the organization work really hard at the initial stages of the org development that they burn out, so they need to build an organization that has 'legs' basically." (Lepson 2011)

At this point of our conversation, we started talking about organizations that, similar to the ones in Bikkurim, had to stop and yet still achieved significant impact. "We have a lot of organizations that have gone out-of-business and reached significant impact. For example in 2003, we had an organization that was the first one to focus on Jewish diversity, and it's no longer in business, but it brought an emphasis on the issue of Jewish diversity, and now there are a number of organizations that deal with that topic⁴." (Lepson 2011)

Asked if there were any organizations that Joshua Venture worked with which stopped completely, Lisa noted that in the first cohort there was one that did not take off, and "I believe mainly due to the fact that the founders didn't really know what they wanted this organization to look like." (Lepson 2011) Other Jewish startups that JVG funded that are no longer in operation include:

- 1. Ayecha Resource Organization See above.
- 2. Gan Chaim provided innovative programming for Jewish Community Centers, camps and schools through the creation of hands-on therapeutic gardening

⁴ Lepson talks about Ayecha, that received funding both from Joshua Venture as well as Bikkurim

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experiences. Daron 'Farmer D' Joffe, a Gan Chaim founder, is an organic/biodynamic farmer, environmental educator and social entrepreneur. He is the founder and president of *Farmer D Organics*, creators of farms and products for the earth and its people.

The overlap between incubators that work with the same startups (e.g. Ayecha) opens up the opportunity for further questions regarding the facts that led those promising programs to stop. With the very sophisticated application and selection system both incubators have developed, intensive professional and leadership development offered during the fellowships, and opportunities in fundraising that are offered to the fellows, it becomes increasingly relevant to understand what prevented Ayecha, in this case, from succeeding as a standalone Jewish organization.

Both Nina Bruder from Bikkurim and Lisa Lepson from Joshua Venture Group spoke about the impact that successful startups are able to achieve and what defines success. Sustainability in the long run proves correct budgetary calculations, support of the governing board and alignment with organizational mission, but the impact that is seen in the field, in the community is what really determines success.

Upstart Bay Area

In an age when a "top-down" approach is barely effective anymore, when digital technologies allow a significant cost reduction and ease of market penetration for photographers, film and music directors and artists in general, and especially in the cradle of modern innovation -- the Bay Area, California -- the story of the Upstart Bay Area serves as another example of a changing paradigm where consumers create markets for themselves and large corporations follow their demand. According to their website:

In late 2004, Toby Rubin, then working at the San Francisco Bureau of Jewish Education, met with a woman named Abby Levine. Young, energetic and inspired, Abby had come to the BJE looking for help with "The JERICHO Project," her effort to involve Jews in a progressive agenda on immigration reform. Yet Abby had found no one who could help and was in over her head. There was no structure within the Jewish community that offered the support, training and guidance she wanted and needed – the JERICHO Project did not fit into any of their boxes, so established institutions had no idea what to do with it.

Something was missing, and Toby realized what it was. Since its beginning, the Jewish Community had been sustained by a balance of two great forces – tradition and innovation. While tradition may be what keeps the fiddler from falling off the roof, it is the spirit of innovation that keeps the tune alive. Although that sense of innovation was strong in so many young people, Toby realized that here, in the otherwise progressive Bay Area Jewish Community, that spirit was not being nurtured outside the established Jewish community nor, in fact, within many of the established institutions. And without cultivation, this generation would see their Jewish identity fade away. It had come time for the Jewish Community to do, once again, exactly what it had always done – innovate. (UpStart Bay Area 2011)

After several successful and progressive steps that required Toby to solicit extra funding for the emerging incubator, after having several cohorts of fellows under the umbrella of BJE, the Jewish Professional Co-op started operating, and in July of 2008, with a major grant from the Richard and Rhoda Goldman Fund, the project launched itself as "UpStart Bay Area."

Like the Jewish startups UpStart supports, its growth has been rapid, and with that growth its vision has evolved. Its first priority was to cultivate the innovative Jewish

ideas of social entrepreneurs working outside the established community. This activity is ongoing, with highly-select emerging organizations undergoing extensive coaching, training and guidance. Professionals and lay leaders of established Jewish organizations throughout the Bay Area were now beginning to ask themselves the same questions Toby had asked, trying to figure out how they could make themselves relevant to the next generation. Always one to innovate, UpStart launched its consulting services to meet a rapidly growing demand. (UpStart Bay Area 2011)

During the interview with Toby Rubin, CEO, and Barbara Reiss, VP Consulting Services and Strategic Initiatives, they were asked about the type of entrepreneurs they work with and about their experience of the success rate among people that apply for funding at their incubator. "Entrepreneurs that go in and say – 'that's what I'm going to do' and don't respond to data evidence, information that is telling them that they need to adjust, they need to shift something – they are doomed." (Reiss 2011) In her remark, Barbara points out an aspect that will be highlighted later in this thesis that deals directly with funders and community engagement – if an entrepreneur believes that their initiative responds to a demand in the society, it needs to be proved by the data analysis. Additionally, for better or worse there are trends in philanthropy, and entrepreneurs respond to those trends. A recent report, prepared by Joshua Venture Group, illustrates that among over 130 applicants, venture focus was unevenly spread (Joshua Venture Group 2011):

Venture Focus	No. of Applicants
Arts	21%
Community Building	5%
Dating	2%
Diversity/Inclusion	2%
Education	41%
Environment	8%
Feminism/Women's Issues	4%
Food/Nutrition/Agriculture	12%

Health	5%
Human Rights	0%
Israel/Middle East	4%
Leadership	13%
Marketing/Communications/PR	8%
Media	2%
Outreach/Engagement	5%
Philanthropy	6%
Social Justice	15%
Social Services	3%
Spirituality	8%
Technology	8%
Youth Development	7%
Other	5%

As seen, Education, Food, Arts and Social Justice draw more attention among applicants than other topics. This corresponds with Nina Bruder's perspective on the success of food-related ventures in the United States. "I think momentum builds. I think that Jewish Farm School exists because Hazon has done well, and Hazon has done well because food is a hot topic in America – food system and justice -- Hazon is putting the Jewish lens on to it. Our groups help to set the trends and funders do the same, because they want to fund something they are interested in." (Bruder 2011) Haskala 2.0, a report conducted by Jewish Jumpstart and Bikkurim, also points to the popularity of the areas of environmentalism and sustainability: "The Jewish Farm School, Hazon, Jewish Urban Farm and Garden, and many other new Jewish groups interweave environmentalism, sustainability, and agricultural education with traditional Jewish text study and community organizing." (Aviv 2010)

The need for a liaison between entrepreneurs and funders is critical and is often absent. In San Francisco, the need for the role of that liaison was clear for UpStart. With

tremendous human resources within the community, UpStart Bay Area realized that Jewish innovation would only be sustained across the community and beyond if people and ideas from widely varying perspectives were networked around entrepreneurial methods, philosophies, and experiences. UpStart Bay Area has grown into being the connecting force that brings others together, sharing information and inspiration with those at all levels of interest. So began the connect program, offering public presentations, workshops and classes to a wide array of participants. (UpStart Bay Area 2011)

With those programs in place, and several cohorts behind them, the UpStart team has learned a lot about people who apply for funding. Often times, applicants ask themselves why someone receives funding, while others do not. According to Rubin "there is no science behind that, and there is no one explanation, but the one thing that we have seen is that the ability of a leader to do what we can call 'pivot' – being aware and being able to see what information they are getting about what they are doing in the market place, what the environment is in the funding community, what is really resonant and what language adequately expresses that resonance both with the community they are serving and potential funders – makes a very big difference." (Rubin 2011)

Another significant lesson that Barbara Reiss points out is what she calls the "founder's syndrome".

You have to recognize the whole notion of the "founder's syndrome;" how do you find a suitable person to replace them as executive director. We have an example of that when a fellow did identify that his time was over, he passed the baton and the organization is thriving in a different region under new leadership and with new funding support and direction." (Reiss 2011)

The issue of "burning-out" while establishing a startup, or any business, from scratch is well known. Money cannot buy everything, and when the organization starts with only one or two hired professionals that need to create an infrastructure and invest close to sixty hours a week to sustain it, enthusiasm often fades away. There is another dimension of the "founder's

syndrome" – where quite the opposite happens and over-dedicated founders are not willing to believe that the health of the organization is more important than their egos.

In her article "Non Profits are Businesses, Not Lemon Stands," Emily Davis, Executive Director for the Colorado Chapter of the National Hemophilia Foundation, emphasizes how difficult it is to create a successful nonprofit. "Anyone who has either run a nonprofit and/or founded a nonprofit knows the incredibly hard work that is involved. It's not that it isn't rewarding, but the market is completely saturated with organizations these days and we're all competing for funding. I fully believe that there is enough funding to go around and there is a certain amount of Darwinism at play." (Davis 2011) She continues saying that it is even harder to start and effectively run a nonprofit organization than a traditional, for-profit business because the majority of nonprofits are selling prevention or a feel-good message, not a product.

Slingshot Fund

One of the ways to reduce the burden of creating everything from "scratch" is to utilize the existing infrastructure of established organizations such as the Jewish Federations of North America or Hillel: The Foundation for Jewish Campus Life. Both organizations have a long history of successful programming, and both recently came up with innovative initiatives that allowed a significant degree of entrepreneurship and "fresh' approaches in addressing issues in the Jewish community. I interviewed Will Schneider, a director of the Slingshot Fund – a resource guide to Jewish innovation, created as a Zagat-style guidebook to highlight the 50 most innovative nonprofits in North American Jewish life. (Slingshot Fund 2012) Will offered a cogent analysis of the existing state of the Jewish innovation sector:

There is no reason that an established organization that is 100 years old cannot do an innovative program! Sadly, what does the larger part of Jewish community do? – It does exactly the same thing as they have been doing for last 30 year, saying that that is what they got used to. They usually also complain about declining participation and fundraising – but if a company sells 8-track for many years – and then the community stops buying it – don't blame the community for not buying something that is 30 years old, we have better stuff now. If someone comes in with an iPod – that's what people want. (Schneider 2011)

Schneider then continued with several examples of innovative programs that were developed by Hillel. "They (Hillel) were looking at their numbers saying that every year our data comes back and says we have less penetration on campus, so they said what we can do differently? I think they are doing something that is quite impressive with the Campus Entrepreneurs Initiative. It should have existed when I was at school." (Schneider 2011) The initiative Schneider is referring to is designed to dramatically enhance Jewish life on campus. Each campus employs twelve students with broad social networks to build relationships with more than 700 uninvolved

Jewish students over the course of a year. In the pilot year, the Campus Entrepreneurs on seven campuses engaged more than 3,200 uninvolved students.

Each Campus Entrepreneur is charged with building relationships with 60 uninvolved Jewish students on campus.

"Serving as a resource to meaningful opportunities or potentially a friend in challenging times, the Campus Entrepreneurs strive to advance Jewish values in the context of their relationships. The Campus Entrepreneurs strive to understand students' interests, passions, and aspirations - and connect them to opportunities that they may find meaningful and engaging. Campus Entrepreneurs are given a budget to plan initiatives that identify them as relevant and Jewish, enable them to meet uninvolved Jewish students and follow-up with them in an authentic, comfortable, and open way. Initiatives have the dual purpose of attracting uninvolved students and advancing Jewish values." (Campus Entrepreneurs Initiative 2006)

Within the span of seven years CEI became a vital element for Jewish life on several campuses around the country. Now Hillel International is assessing its strategy and creating opportunities to scale this initiative to a larger number of universities, not only in the United States, but across the globe as well.

Jewish Federations of North America has also created several innovative projects – Bikkurim being one of them, as was pointed out above. Another one is TribeFest. "Through presentations by dynamic leaders in politics, entertainment, music, art, food, religion and other aspects of Jewish life, TribeFest offers attendees many ways to connect to their own Judaism and how they see themselves as part of the community." (TribeFest 2012) According to Slingshot though, "Federations are fundraising, and TribeFest is a creative and fun conference, but it won't be highlighted in Slingshot. It is a good conference, but it isn't something we will consider innovative. It's a good way to fundraise, but there are many conferences for different target audiences." (Schneider 2011)

Chapter IV: Startups that Stopped

JDUB:

JDub – "a not-for-profit organization that forges vibrant connections to Judaism through music, media and cultural events" (About JDub) was established as a start up in 2002 by two NYU students, Aaron Bisman and Ben Hesse. The organization was first planned to serve as an agency aimed to support modern Jewish artists, producing their talents. In a vibrant place such as New York City, there was not a problem finding target audiences: soon a spectrum of fresh, insightful and extremely diverse cohort of Jewish musicians was able to release their records, having a JDub label at the back of their professionally designed and packaged CDs.

A model of a Jewish nonprofit recording label, JDub soon diversified its revenue streams. "JDub earned half of its annual budget from mission-related revenue, including album sales, concert tickets, and consulting fees, and the other half from foundations and individual donors" (Bisman, 2011) –becoming an exemplar of a new approach to Jewish nonprofit entrepreneurship. Within several years this agency developed from a local New York City based company, which was subletting their office space at the Bronfman Center at NYU Hillel, to a national organization with offices on both Coasts, a large online store, the newly acquired Jewcy magazine – "a curated platform for ideas that matter to young Jews today" (Jewcy About) - , the co-creator of the Six Points Fellowship and a for-profit consulting wing with more than a million dollar budget.

However, after almost nine years of successful operation, on July 13, 2011 Aaron Bisman issued an official letter stating that "JDub's Board of Directors has decided to wind down the organization." (Bisman, 2011) It was specifically underlined that "...the decision to close was entirely financial, as the challenges facing our business model are too great to overcome."

(Bisman, 2011). Without access to the Board Room of their organization, it is difficult to determine if that was the full reason for their closure.

In his letter, CEO Aaron Bisman highlighted as the main achievements of their work:

- "A final JDub snapshot:
- 150,000 event participants in 472 cities
- 35 album releases
- 3 Gold Records
- 3,500 attendees at The Unity Sessions, the largest Israeli/Palestinian concert in the history of the United States
- 52 songs placed in major films, TV shows, or ads
- 800+ mainstream press stories including The New York Times, The New Yorker, The Wall Street Journal, MTV, CNN, NPR, David Letterman, Conan O'Brien, Rolling Stone, SPIN, Billboard, and Pitchfork
- 26 foundation and Federation funders
- 630 individual donors
- 2.7 million unique visitors to Jewcy.com since JDub's adoption" (Bisman, 2011)

After the official message was released, eJewishPhilanthropy⁵ exploded with surprised and disappointed voices expressed in numerous articles and op-eds by various communal members; it clearly indicated the uncertainty and frustration in the community. Some, like Maya Bernstein, a Director of Education and Leadership Initiatives at UpStart Bay Area, acknowledged the enormous positive influence that JDub had created over the years, but at the same time pointed out that their fatal mistake was an "inability to create a strategic business plan and organizational structure to continue to do its inspiring work, and the community's ability to guide and support the organization according to its emerging needs." (Bernstein, 2011) This response suggests that reasons were not of a purely fiscal character, but were also dictated by a lack of strategic planning, communal passiveness and a consumer-driven approach. Bernstein also asks if organizations should be built with the intention to last as long as possible, or should

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⁵ *eJewish Philanthropy* was launched in 2007 as an on-line publisher and a facilitator of resource information serving the Jewish communal world.

they fill the niche and when the demand is fulfilled – transform, merge or cease their operations. In the case of JDub, Bernstein suggests that it was still relevant and exciting, and thus should not be closed.

Jacob Ner-David, a serial entrepreneur and PresenTense executive board member, echoed Bernstein in her concern with the Jewish community's inability to provide sufficient business models for the mezzanine level Jewish startups. He went further, saying that from his perspective "there is a false distinction drawn between 'for-profit' startups and 'non-profit' startups. The only real difference is that in a for-profit the goal of the founders is to take money out of the business and non-profit investors are happy to let it ride" (Ner-David, 2011) He suggests that all startups run in the same manner; missions are different, but the models are very similar. For an organization to survive, for-profit or not, it needs to be fiscally efficient. Ner-David seems to be also unsatisfied with the level of transparency Bisman offers in his message. Ner-David asks "why to shut down? Why not cut back and live off revenues?" (Ner-David, 2011) Ner-David's concerns seem to be corroborated by the absence of a detailed analysis of the numbers JDub seems to be offering as a measurement of its success. Obviously, quantitative results are impressive, but what stands behind these 150,000 participants of their shows? How many of them returned? It does take effort to attract audience to an event, but it takes significantly more thought to figure out how to retain that audience, provide value to them and engage them as JDub followers. This is what Maya Bernstein was asking – why didn't the community step up to the plate? How dedicated were these young people that JDub was trying to reach out to? Was it purely reaching out (one-way effort) or engagement (two-way dialogue)?

Nina Bruder, of Bikkurim agrees with Bernstein that relevant organizations should keep receiving support, because at the post-startup stage they are more influential, more useful to the

"Jewish Innovation Ecosystem" (Bruder, 2011) and subsequently to the Jewish community. Bruder draws attention to the importance of the post startup phase funding (called "Mezzanine Funding"), acknowledging that it requires a significant increase in allocations: "an average budget size in the startup stage is \$250,000 per year. In the post-startup stage, the average budget is over \$1 million per year." (Bruder, 2011) The issue is that "while there are now a handful of known sources of funding and capacity-building for startup organizations in the Jewish community, there are next to no such resources focused on the post-startup phase." And while JDub was "successful in raising startup funds – and their financial model was admirably diversified, with a growing individual donor base and around half of their income coming from earned revenue. Yet, in their post-startup phase, neither their revenues nor their fundraising were sufficient." (Bruder, 2011) In her message, Bikkurim's Executive Director also appeals to the community to support organizations which have proved their necessity for the Jewish community. The need of ongoing communal involvement was a recurring refrain in the analysis of the JDub situation by various Jewish leaders.

Bob Goldfarb⁶, looks at the problem from a different angle, instead of trying to find whom to blame – community, management, donors – he tries to identify the metrics which would allow determining the extent of success which, in this case, JDub has achieved. Goldfarb, unlike Ner-David, doesn't equate investors and donors, and thus finds it inappropriate to apply a for-profit model for the non-profit governance.

"Investors in a for-profit have a simple, shared objective – making money – while different donors often want very different outcomes. One supporter may want to set attendance targets, another will look for evidence of a shift in Jewish self-definition, a third may be satisfied by having a private dinner with a favorite artist. To say that a nonprofit will attract donors when it shows measurable results is more slogan than

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⁶ Bob Goldfarb, president of the Center for Jewish Culture and Creativity

strategy and it reflects a serious misunderstanding about the complexities of fund-raising in the nonprofit world." (Goldfarb, 2011)

Goldfarb's model of successful management involves diverse sources of revenue, including foundation grants on an ongoing basis, with leadership being trained in traditional fund-raising: how to build a base of annual donors, cultivate major gifts, and eventually create an endowment and run a capital campaign – all of which JDub seemed to have.

What didn't work for it then? Jo Ellen Green Kaser, a former Chief Editor of Zeek magazine, a media project – a Journal of Jewish Thought and Culture, offers several possible questions to ponder. Familiar with the decline and struggles of the media industry in its traditional form, Kaiser introduces several insights to the JDub case-study. She starts with the overview of the Jewish media: with consumers having excessively easy access to all media without fees and payments, it is challenging to be "on the flow" even for a for-profit company. Corporations that have established the rules of the game for dozens of years, keeping the status quo with only the format being tweaked – from vinyl to tapes to CDs which they still had control over – found that the internet changed the rules, and the "giants" had to look back at "those on their shoulders" to figure out how to stay in business.

Kaiser acknowledges previous responses to the JDub's closing – "One…suggests that Jewish media organizations, particularly those organized as nonprofits, require and deserve continued support past their 5-7 year startup period. The second (thinks)…that Jewish media organizations, nonprofit or for-profit, have to survive or fail in the marketplace – and if they fail, it means their business model is broken." (Kaiser, 2011)

In her analysis, however, Kaiser goes deeper, asking whether there are any *right* business models to engage 25 year olds that can be used by Jewish non-profits. One of the issues, as she sees it, is that "funders push innovative new Jewish media to reach out to the unaffiliated and

less affiliated, because most funders still see media as an engagement tool. No one expects the Metropolitan Opera to convert new acolytes to a particular religious/cultural group, but that is what JDub, Heeb, and Zeek have been expected to do." (Kaiser, 2011) Even if constructed on the engagement mission, the niche is very small –the young Jewish population who might be interested in what JDub has to offer is "560,000 people" – half of whom, let's recall, state on surveys that they have zero interest in Jewish culture...Of that 560,000, it's unlikely that even the most popular media would reach more than 5% of even a niche population. For comparison purposes, a bestselling book sells 50,000 copies in a market of 300 million; a hit movie reaches 1-2 million people out of a market of 300 million. Five percent of 560,000 is 28,000 people. A third of a major league ballpark, total." (Kaiser, 2011) These 28, 000, then, are the ones who are supposed to support half of JDub's annual budget, because the diversification of their revenue was 50% donors, the rest were sales. But the problem, then, is that young people cannot afford or are not inclined to pay, nor are Jewish young adults willing to commit financially, being raised in the privileged culture of free or highly subsidized Jewish content – starting from Birthright or Hillel, etc. Kaiser goes even further, saying that "Americans have always been anti-intellectual and have not valued the work of artists, writers, and musicians unless they make a populist appeal." (Kaiser, 2011)

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⁷ Kaiser borrows numbers from the presentation on Jewish and Jewish media demographics that he presented at this year's American Jewish Press Association conference by Ira Sheskin of the Jewish Data Bank (http://www.jewishdatabank.org/Reports/RecentTrends Sheskin 2011.pdf)

Ayecha

In 2000, Yavilah McCoy, an African-American Jewish leader and entrepreneur, founded *Ayecha*, a non-profit organization that provided resourses and training in Jewish diversity and advocacy for Jews of Color in the USA.

Ayecha's mission of building a more inclusive Jewish community through increased awareness of Jewish diversity and support for Jews of color is one that the organization aimed to realize elegantly during its eight-year span.

"As the organization has now closed its doors, the challenge is passed on to each individual within the Jewish community to do more to integrate the work of inclusion into all aspects of increasing the quality of Jewish life. The hope is for the Jewish community to further expand upon Ayecha's work and message through the daily practices and professional accomplishments of all friends, allies, and fellow advocates in the Jewish inclusion movement." (Joshua Venture 2009)

I interviewed Yavilah to determine what led to the closure and how she assesses the impact that was gained by the organization. According to Yavilah, the idea of creating a full scale organization evolved out of a model of Shabbaton (a weekend long retreat infused with learning and social activities). In 2003 Joshua Venture Philanthropy group became interested in this project, and their funding was significant enough to allow the organization to move out of Yavilah McCoy's basement into office space: "It put us into a greater position of visibility in terms of picking us for the General Assembly and introducing us to a number of funders, so we had some doors being opened for us." (Y. McCoy 2011) The support of Joshua Venture manifested itself in many ways in addition to \$20,000 in funding. McCoy specifically noted the benefit of working in a cohort – meeting several times a year and spearheading ideas. "We had a consultant pool, from legal services to marketing – a full binder of resources, so we could apply for mini-grants, so we were able to hire, (enlist) coaching. Another aspect was one-on-one time –

strategic development. Joshua Venture helped us to think of strategies and be carried through the process." (Y. McCoy 2011)

With professional assistance and modest, but steady financial support, Ayecha developed from an individual venture into a full scale Jewish nonprofit with Board members in St Louis, a National Advisory Board, an office in New York City, but only one hired staff – Yavilah. With such resource and staff distribution, Ayecha was sustained for eight years, which is much more than the two year incubation period that is generally offered to Jewish startups. However, in 2008, the Board made a decision to close the organization.

I asked McCoy to reflect on the reasons that led to the closure and, surprisingly for me, she started not from the financial or logistical constraints, but with the topic her organization was working with – Jewish Diversity. "Many times I found myself going into the board rooms with people who had minimal to no knowledge of the communities of Jews of color or the need for Jewish diversity work, so before we could go to the issues of the proposal, the elementary education had to happen first." (Y. McCoy 2011) While it was a logical thing to do – educate donors about their mission – there were trends in the Jewish nonprofit arena which worked against them.

In terms of Jewish community funds – the priorities in 2000 were Israel, Russians, engagement of unaffiliated and social justice – not that much has shifted since then. Those are things that people understood and were willing to support. To try to come in and talk about Jews of color and the importance of building paradigms for diversity and inclusion was going way against the mainstream – the funding priorities at the time were not there. All the major players – (including) family foundations -- had their agendas already, and squeezing in Ayecha was extremely problematic. (Y. McCoy 2011)

For an organization like Ayecha, that pioneers an exploration of a topic that has not yet become mainstream within the Jewish professional world, a challenge that Yavilah described can be quite significant, but it is precisely what the organization was founded for – to provide

education and advocacy services about the issues of Jewish diversity. Entrepreneurship requires taking risks both from the founder and funders' perspectives. What was problemmatic in the situation with Ayecha, in particular, and what seems to be a common concern of many startups, is being understaffed for the mission, when the founder has to be an educator, a fundraiser, and a manager without any partners or assistants. "I found myself being a single staff person of a new organization, run primarily through volunteers. I think I was working 90 hours a week between travelling and going to conferences trying to increase the learning curve around this issue." (Y. McCoy 2011)

Fundraising, being a crucial component of any organization, became an extremely complicated matter with only one staff member: "The National Advisory Board and local Board of Directors didn't necessarily bring funding – they were more of a 'door opener' and the local St. Louis board didn't have access to a national funding pool. The fundraising aspect was extremely challenging. The first few years we got ten thousand dollars, the second and third year our largest grant was about twenty thousand, and so we started thinking of what we can do with a minimum of money." (Y. McCoy 2011)

In spite of the difficulties, Ayecha managed to break through in terms of social change. Many of the social justice sector funders work with 5 year cycles – it takes until the sixth year before people actually are able to access the population in a different way.

In the fifth year, we managed to get funding from (the) Schusterman (Foundation) – but the way the Schusterman Foundation was willing to measure impact didn't fit in the way we were working, because social change happened in a way that you can't measure by the metrics that Schusterman used to use at the time, which was primarily numbers. If across the country Ayecha could gather twelve Jews of color from 15 different cities, for a retreat – the impact for those people being supported, according to Ayecha, was huge, because people were working in isolation. For Schusterman, however, 12 people to validate the investment was not a clear cut case. (Y. McCoy 2011)

The question of quantitative and qualitative assessment of organizational success is a significant issue, and different foundations and family funds address this issue differently. Schusterman since then has gone through a number of self assessment studies and has changed the way they measure success. Funders' priorities and the way they report to their Boards is critical. None of their funding decisions are made spontaneously; even if unclear to the general public, there is generally a comprehensive list of guidelines that align funders' decision making processes with the missions and visions of the organizations they support.

With Ayecha, there was a disconnect between tracking around numbers and social change. So even when Ayecha was at the stage when it had an opportunity to garner large matching gifts, there was a larger question for the Board and Yavilah: could they continue to invest sufficient energy to be able to push the organization forward? "That pushed me to make a decision to close the organization, because with all the creativity that we put into different programs, it still wasn't easy to fundraise, and at that point I wasn't willing to sacrifice my personal life to make it all work." (Y. McCoy 2011) In addition to purely financial reasons, the issue of the founder's personal life instability added more questions to the organizational future.

There were a lot of "ifs" in that ...but with what we had on the table at the time, and with having to move to Boston, it didn't make sense to come back to our funders and say I will need another year to transition to a whole other city, create a new board or work with the existing board in St Louis. It became unmanageable, so we made a decision with the board that if we are unable to find someone who will be working out of St Louis – it wasn't going to be sustainable. (Y. McCoy 2011)

The organization has closed, but according to Yavilah McCoy the impact they managed to achieve was impressive. "Eight years (of work) had an impact. The term 'Jewish diversity' was not appearing on Google search – and then within the years that Ayecha was operating, people within organizations were starting to navigate that, JCC's were starting to take on

multicultural programming. So that was a huge impact –there were ways we opened doors for that issue." (Y. McCoy 2011)

The example of Ayecha illustrates a number of reasons that can lead to the cessation of an organization that is led by a passionate professional, has a dedicated board and enjoys the support of the incubator. As with the case of Ayecha, and in the larger context, a common threat to any innovative project is the lack of human capital that is caused by financial constraints, which, in turn, is caused by funders' uncertainty or other priorities. That was a lesson that Yavilah McCoy learned before she became heavily engaged at The Curriculum Initiative, another Jewish startup that had a bright start, financial security, yet also had to close, but for another set of reasons.

The Curriculum Initiave (TCI)

Jewish education in the United States can boast one of the most comprehensive and elaborate models in the world. There is a full spectrum of educational options, from classic *Yeshivot* with traditional *Cheder* style education that is offered in the Orthodox community, to Jewish Day Schools where students have all curriculum-required subjects, as well as a set of Jewish related subjects. The most popular educational model is the system of Hebrew Schools – a supplementary education model, inherited from Christian Sunday Schools. Jewish Hebrew Schools require a commitment of several hours a week from their students and educate Jewish children in Hebrew literacy, history and fundamental aspects of Prayer, Torah and Israel.

The Curriculum Initiative did something different; they decided to take a Jewish educational program into premier private schools – where Jewish children are in the minority. Seven major philanthropists helped start this culture program that would promote Jewish identity through a curriculum that that would teach teachers how to integrate Jewish resources into their classrooms.

Each of these funders came to the table with a large amount of money – they all supported this project. It is a completely different case from Ayecha; it is a new project that comes with resources and a personal commitment of major funders to be able to sustain it. (Y. McCoy 2011)

Based on the description that Yavilah provided, TCI had the best of two worlds — substantial financial support and the "buy-in" from the private school officials to let this initiative be launched in their institutions. Yet, after almost ten years of work, a significant change happened to The Curriculum Initiative: "Their (major donors) children got older and graduated from these institutions, and now the organization had to have a relevance to the community of independent schools that was beyond just teaching the specific population it was invented for." (Y. McCoy 2011) So this organization began as a startup, evolved for ten years

and then virtually had to go back to the startup mode again; it had to re-define its mission, audience, and impact. With new leadership in place to answer these questions, major donors posed a daunting challenge to the organization: "TCI is a \$3 million project – are we still going to support it? The reality of independent schools was that their (the donors') partners and allies were primarily non-Jews. The service population could no longer be exclusively Jewish, and this created a mission issue – the environment that we were trying to service didn't match what the funders thought they were funding." (Y. McCoy 2011) The appeal of the organization that, after ten successful years, had to scale down and redefine itself was gone for a lot of supporters and gradually funders started to pull their support away.

"Jews wanted to go and study in Spain about the Muslim period, and they wanted to bring their non-Jewish friends with them, however what it came up to was that half of the applicants for these trips were not Jewish. The staff knew that it was exactly right for our population, because if we can educate both Jews and non-Jews simultaneously about the same issue, it creates allies within the school for further support, and it also makes Jews, who are primarily unaffiliated, further "normalized" to the peers. So it makes sense; however the funding community doesn't want to invest in non-Jewish students." (Y. McCoy 2011)

The Bronfman Foundation decided to invest further and became the largest donor of the project. As with Ayecha, TCI had to find a way to diversify its funding. It took three years beyond those initial ten years just to get the new Board in place. Meanwhile, according to McCoy, they saw greater impact and their numbers started to triple. "We used to have 20 students, and now we have 60. And each year those numbers were going higher." (Y. McCoy 2011)

The new Board made a decision to hire professional staff to go to the parents to start supporting programs, in place of the original funders. That meant new ways of selling, new marketing.

"The issue was that the rate that parents were happy to support the program was not even to the level that the funders were committed to support this organization. When a donor gives \$750,000, you cannot diversify quickly enough for parents to be able to match this. For a parent to give an extra \$10,000 for new initiative in a school they are already paying tuition to – that's huge." (Y. McCoy 2011)

But in terms of what the Board required – it was not enough. So in August 2011, the Executive Director decided to leave. "Because of that and because the board didn't want to invest any more money, there became a lack of affinity between the staff-organization and private donors." (Y. McCoy 2011) This eventually led to the only possible solution; the CEO and the Board decided to close the organization.

With TCI, funders were there; however, they didn't have the knowledge and didn't create a staff or an infrastructure to support the need – so they themselves ended up being on the learning curve. After they figured it out, they shifted the mission, brought in new staff. You need another five years to let this new structure grow, but the funders didn't have the appetite to wait any longer. So the timing issue came up for TCI. The lack of alignment between mission, project, staff and funding – all those not being in synergy, I think eventually caused it to close. (Y. McCoy 2011)

Lishma

Lishma was a joint program of Camp Ramah in California and the Ziegler School of Rabbinic Studies at American Jewish University. This organization was founded by Rabbi Daniel Greyber, the executive director of Camp Ramah in California, and the Max and Pauline Zimmer Conference Center of AJU.

Founded in 1998 with a grant from the Covenant Foundation and in partnership with the Ziegler School of Rabbinic Studies, *Lishma* began as an egalitarian yeshiva-study summer program for young adult Jews ages 18 to 25 to explore their Jewish identity through the lens of traditional study, prayer, and practice. The name *Lishma* is derived from the Hebrew phrase "Torah Lishma," meaning studying Torah for its own sake. Combining the passion and commitment of traditional yeshiva learning with the openness and fun of Ramah camping, *Lishma* continued to impact the lives of young adult Jews until the program closed its doors in 2007. (Joshua Venture Group 2009)

My conversation with Rabbi Greyber happened right after I talked to Lisa Lepson, of Joshua Venture Group, so I was eager to learn the perspective of an actively engaged Jewish professional on the rise and sunset of his startup. According to Greyber, "Joshua Venture was interested and still is less in particular projects and more in young leaders. They wanted to help a young Jewish entrepreneur and guide the project." (Greyber 2011) According to Greyber the seeds of an idea emerged during his studies in Israel, where he attended a Brovender's Yeshiva. Rabbi Greyber shares that even though studying there was an enriching experience:

I gained a sense of the richness and complexity of Jewish thought and a love for being part of a passionate learning community. But I did not feel at home. As a male, I did not feel a sense of exclusion from public prayer in an Orthodox environment but, although my becoming more religious was a change from my family's practice, I felt the Orthodox yeshiva to be a too severe break from the way in which I was raised, too sharp an

isolation from modernity that had nurtured the person I was at that point in my life. (Kress 2010)

A desire to organize an institution for egalitarian Torah study led Rabbi Greyber to create a proposal that argued for "the need for a program like Lishma in the American Jewish community. Our argument was based upon the reality that the college years are a time when young adults first begin to form their own identities, develop their personal beliefs, and establish their own homes." (Kress 2010)

The connection with the Conservative movement and Ramah Camps allowed this program to be applied not just in California, but across America.

We believed Lishma would make a powerful impact upon the culture of Camp Ramah in California, and we also believed it was a program that could easily be replicated in other Ramah camps and in many other Jewish summer camps around the country. In subsequent summers, two other Ramah camps, Ramah Wisconsin and Ramah Nyack, started yeshiva-study programs as part of their camp communities, of which the one at Wisconsin continues as of this writing. (Kress 2010)

Lishma received support from the incubator and other major donors, and started its operations 1999; yet after eight years it had to stop. With more years in operation, it became more and more challenging to fundraise for the organization.

A lot of funding that is out there is for startups and is not necessarily of the sustaining level. Our weakness as an organization was we didn't have a board for Lishma. It was a program within the Ramah organization; it never got fully funded by Ramah. It made sense within the mission of the organization at the time – and even though I, who started Lishma, my primary responsibility as a Ramah director was to look at the camp's budget, and we made a decision that it was time for it to close. (Greyber 2011)

The issue of scarce funding for the already established, yet still young, organizations has been recently highlighted in a comprehensive study "From Fruits to Abundant Harvest:

Maximizing the Potential of Innovative Jewish Startups" released by Bikkurim in 2012 and conducted by Wellspring Consulting:

The Jewish community is now faced with the new, significant, and exciting challenge of supporting and integrating the most promising post-startups in a systemic way. Currently, the Jewish community offers very little support specifically geared toward post-startup needs, nor are those needs broadly understood by funders, capacity builders, and even by the organizations themselves. (Bikkurim and Wellspring Consulting, LLC 2012)

The second reason that led to the decision to close Lishma has to do with its success and level of impact. Rabbi Greyber shares: "The opening of Mechon Hadar⁸ – I think we were sort of victims of our own success. *Hadar* and other things got started, and it became more difficult for us recruit." (Greyber 2011) In a way, the easily replicable model was a double-edge sword for Lishma – on the one hand, it allowed many organizations to open their doors; on the other, it cut the base for financial and student support for this organization. "Lishma – gave birth to programs that were doing something that we were doing successfully. We didn't feel like we were the only place where you could get this – another address appeared – and that's ok. I think what organizations need to do is to say: We served the purpose – we got this idea started, and we will let go." (Greyber 2011)

I asked Rabbi Greyber if there was something different that he would do, if he had a chance to start *Lishma* from the very beginning:

I think that we could have formed more of a lay leadership/board behind it. I think that a program of similar type exists at Ramah Wisconsin, which is smaller and different, but ultimately serves the staff community, and the staff is really the core age group. So I think we could have gone in that direction. We could have also had a board to find local donors, to work with rabbinical schools. If rabbinical schools saw it more as an ongoing effort of their recruitment strategy, if more insisted that faculty of the rabbinical school work as a faculty at *Lishma*, which was not always the case, that could have helped to sustain it. (Greyber 2011)

The impact of *Lishma* is unquestionable. With this organization being closed, the opportunities for comprehensive egalitarian Jewish learning manifest themselves around

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⁸ Mechon Hadar is an educational institution that seeks to empower a generation of Jews to create and sustain vibrant, practicing, egalitarian communities of Torah learning, prayer, and service.

America, and this is one of the biggest results this startup achieved. Another factor of success is the number of educated, highly engaged Jews, who received training in Ramah through *Lishma* and got involved in professional Jewish life through institutions of higher Jewish learning. "I can point to a number of people, who are now rabbis, engaged members of Jewish community, who would say that *Lishma* was a transformative experience of their journey." (Greyber 2011)

Chapter IV: Findings

So what findings can be drawn from the example of these organizations, both incubators and startups? With many professionals having expressed their perspectives and concerns, it seems that there are several areas that need attention:

1. Professionalism.

While not all Jewish non-profits need to adopt for-profit business models – nonprofits still need to be managed in a fiscally efficient way; and in order to do so, their senior management needs to have some professional training in fundraising, organizational development, branding strategy, and other management skills. The success of an organization depends to a great degree on good business practices; vision and energy cannot substitute for this. Missing deadlines and showing up late for appointments seem to be common in these organizations, and was often mentioned by funders as a problematic flaw in their organizational leadership. This would suggest that at the early stages of incubation, funders should encourage or even require their beneficiaries to work on their organization's business model and their own management skills in order for them to have a better chance of surviving after the initial funding is gone.

2. Founder Burn-out.

The founder is often the only staff member because of the organization's being under-capitalized. Under-resourced organizations result in poor organizational structures.

Startups are generally created from "scratch" and are led by one or perhaps two (if started by a partnership) paid professionals, in addition to whatever volunteers they can enlist.

The situation when an executive director has to fundraise, educate, answer calls, attend conferences, handle booking and financial management, and work with the board, among

other tasks can lead to "burn-out" for even the most dedicated professional. The expenditure of time and energy into the organization, while trying to maintain a reasonable personal life, is not sustainable for any length of time.

3. Alignment between the Staff and the Board.

Every nonprofit 501(c)3 organization has a Board of Directors and committees to serve various organizational purposes, composed entirely of lay leaders (volunteers). For instance, the Board appoints the Finance Committee (even if it is a committee of one) that has to approve a budget and authorize allocations. This type of organizational structure requires a lot of transparency and an alignment between staff and board members. The importance of the board to the effective launching of an organization should not be underestimated, as they provide whatever energy, wisdom and support there is beyond that of the founder. If they are in sync with the founder, those people, who voluntarily devote their time, expertise and often money, can be a powerful contributor to organizational success. Board members can open doors, initiate fundraising campaigns, and help set policy, among other contributions. Their withdrawal could seriously cripple an organization with so few other assets. In my conversations with representatives of the incubators, the issue of tension between the board members and senior staff was identified as one of the most dangerous impediments to organizational survival. If there is a misunderstanding between staff and lay leaders about the vision, mission, program or operations of a nonprofit, the possibilities for success are slim.

4. Realistic Business Plan.

Among all the incubators I talked to, none requires their applicants to submit a strategic business plan because it is too hard to predict the long-range path of a nonprofit that has barely passed the requirement for incubation. While all the incubators have milestones, where they assess the financial vitality of the startup and advise them how to move forward, it is surprising that none of them require a strategic business plan when the startups exit the incubator stage. While a successful startup needs to have a clear vision of its role in the community, it also needs to know how it plans to sustain itself within a three to five year period. The "play it as it comes" approach does not work in the corporate world, nor in the nonprofit arena.

5. Diversification of Funding.

The example of The Curriculum Initiative showed that when an organization starts with a significant pool of resources driven by donors' interest, there can also be a significant weakness. After ten years of work, with an established infrastructure, and buy-in from private schools, TCI's future was at stake because the original funders lost interest, and there was no secondary revenue source. The necessity to redesign their fundraising campaign to become less dependent on major donors was an almost impossible task with a budget close to \$3 million.

6. Small Jewish Market for Innovation.

New and innovative programs may strive to become self-supporting through earned revenues, but it may be that the Jewish market is too small to sustain such initiatives. In general, the market for innovative projects is small. The specific market for Jewish innovative ventures is even smaller. With the example of JDub, an innovative Jewish

nonprofit that was significantly engaged in the music industry, it became clear that in addition to internal factors that caused it to shut down – there were external reasons that accelerated the process. The music industry struggles around the world; major labels are trying to understand how to operate in the ever-changing digital world, where sources of revenue shift constantly. To survive on revenues generated by an extremely narrow "Jewish" market that is internally subdivided even further (young, liberal, educated) may be an unrealistic expectation. JDub had started to develop additional sources of revenue, creating partnerships, for-profit wings; but the market was not there to support them.

With the on-going assimilation of the Jewish community in North America, the "Jewish" appeal of nonprofits becomes ever more problematic. And when a Jewish nonprofit starts providing services to a non-Jewish (and larger) population in order to expand its market (for the purpose of this study, it is irrelevant whether this is a good thing to do or not), it risks alienating major donors who are interested in making an impact on the Jewish community.

7. Programs Started Too Early.

Ayecha was an example of the founder of the organization trying to introduce a new social issue, Jewish diversity, when the funders' agendas were set on a different set of funding priorities. The organization was only able to fundraise successfully after several years, when it could demonstrate an impact. A similar example can be drawn from the issue of organ donation and the way the Jewish religious community perceives that question. A Jewish startup which represented the Orthodox Jewish community was trying to open up a conversation on organ donation, but funders were resistant, not ready to support such a controversial topic.

8. Consistency of Funding for Startups at Different Stages of Their Operation.

As *The Jewish Innovation Economy: an Emerging Market for Knowledge and Social Capital* report suggests, there are at least 600 Jewish startups in North America now, with more than a hundred being added each year with a total of \$200 million being invested in them. There need to be ways for Jewish donors to invest not only in the fresh and exciting startups, but to also support all branches of the Innovation Ecosystem. Funds need to be made available to offer secure and continuous funding to those organizations that are scaling and that provide transparent, easy to comprehend metrics on the impact they are making.

9. Startups Stop – the Impact Stays.

This work analyzed startups that stopped operations. A number of organizations were working for several years, and due to various reasons – organizational, financial, personal, board or staff related -- decided to stop their operations. What became evident is that while they ceased operations, they should not be perceived as failures; even in their short existence, the organizations still had significant impact. No organization will last forever, and it is unlikely that a communal professional will only have one job in his/her entire life. Some organizations stop, some merge, some continue to operate. The question is the need in the community that these organizations are addressing and what impact they make. Before *Ayecha*, the term "Jewish diversity" was absent from the communal agenda; before *Lishma*, there was no institutional opportunity to engage in serious *Beit Midrash* in an egalitarian setting, without enrolling in Rabbinical school;

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⁹ Jumpstart, The Natan Fund, and the Samuel Bronfman Foundation. 2011. 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., p.1

without JDub, the community would still not appreciate that modern Jewish music and art can be relevant, edgy and, most importantly, accessible.

What defines a successful nonprofit is not the number of years it is in business, it is level of impact it achieves, how many lives were touched, how many people went through transformational experiences, how many came to understand what being Jewish means in the modern world. Many short-lived organizations had such long-term impact.

Chapter V: Conclusion and Practical Application:

The field of Jewish innovation is young and promising. The fact that entrepreneurial leaders are reaching a predominantly younger population helps redefine the concept of engagement and the way we relate to unaffiliated Jews. In order ensure successful development of Jewish innovation, the community needs to understand what works and what does not. Common mistakes, assumptions and tendencies can prevent successful startups from developing beyond the initial stage of seeding, incubator status. In order to ensure the effectiveness of philanthropic funding and reduce unmanaged expectations of the recipients, there is a need to carefully study and learn from all sides of the innovative process: both positive and negative.

This thesis aims to serve as a guide for those who are about to embark on the startup "journey"; an indication of what to expect and what not to do while making decisions in the early stages of strategic planning or in later managerial decisions when the nonprofit is already up and running. In addition, foundations and grant makers may have a better idea of how to keep poorly conceived or insufficiently developed ideas from getting funding in the first place, thus allowing more sophisticated projects to receive the additional funding they need to launch successfully.

One of the challenges of innovation is that innovators come into the world and see a need that is not being met. However, by virtue of their entrepreneurship, they are not necessarily looking to build a business per se as much as they are looking to create social change. This is critical for the overall success of the future of American Judaism. However, social change requires strategy, structure and discipline. Good intentions are not enough.

The system needs to be in place that will support a trajectory for new ideas and learning.

Jewish innovation needs more time to be developed and more strategy than just "if you build it,

they will come" approach. It needs strategic incubators to nurture the new ventures and then venture capital to grow their strengths, educational components and financial wherewithal.

Similar to the world of for-profit startups, the Jewish Innovation Ecosystem has grown to the point where it needs opportunities for sharing current projects, trends, best practices, funding models and professional growth. "We need to highlight and expo all the Jewish startups because the learning curve needs to happen for the funding community and a larger involved Jewish population. We fund in isolation, we are not on the same cutting edge as the wider business entrepreneurial community." (Y. McCoy 2011) Hopefully, the Jewish philanthropic and organizational community will figure out the model for broader exposure and sustained focus on the new and innovative in Jewish life. After all, Jewish social entrepreneurship is still very young. By better understanding what works and, perhaps even more important, what does not work, the Jewish community can learn, reassess, and move forward in a new, stronger form.

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