

Philanthropy and Innovation: Moving to the Mezzanine

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THE FIELD, so new, doesn't even have a name. It is known by many terms: innovation, social entrepreneurship, venture philanthropy, capacity building, start-up. It is a growing field and yet still a tiny speck in the landscape of Jewish philanthropy. Less than two dozen programs, organizations, and departments within existing institutions explicitly state that supporting the early stages of an organization or real innovation in any way is part of their mandate.

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The term "start-up" often conjures up an image of a high-tech, fast-paced, entrepreneurial, high-risk venture that develops a business plan around a new idea and hopes to stay in business long enough (usually, without even turning a profit) to be bought out or go public. In the high-tech heyday, start-ups were popular investments for venture capitalists who took on high-risk-high-gain stakes in the hope of striking gold.


While modeling some organizational aspects on the high-tech "start-up," Jewish nonprofit start-ups are quite different. Jewish entrepreneurs do create organizations around innovative ideas, but unlike in the private sector, they are driven by a burning passion to enhance or transform the community. They work tirelessly to see their idea through to fruition and often resist offers to be incorporated into larger organizations.

The notion of a specialized field within the organized Jewish community to specifically support start-ups has gained traction only in recent years. Only a few, relatively small, initiatives now exist. They provide some or all of the following: seed funding, free office space, capacity-building consulting, exposure to national and local Jewish communal networks, and a peer community of like-minded entrepreneurs. Supporting a start-up requires a high tolerance for risk and a definition of success that allows individual projects to fail. In fact, a successful strategy for venture philanthropy suggests supporting a portfolio

of several such efforts, which allows weaker projects to drop out.

At a time when innovative project ideas are flourishing, Jewish philanthropists are only beginning to respond. More distressing, there is practically no support for start-ups as they mature to the next organizational level. Mezzanine-level organizations are caught exactly in the middle. They lack the appeal of a fresh, young start-up and, at the same time, do not yet have a strong base of tried-and-true donors or constituents. The organizational "freebies" that they received as start-ups are no longer free, and, furthermore, they are often ramping up to bring their pilot-tested programs to scale. Ironically, organizations that survive past the initial start-up phase often encounter more difficulty getting financial support and recognition in the community than when they began.

Just as the Jewish community is starting to understand the value of supporting start-up initiatives, it should also see itself as having a mandate to provide more help to successful mid-level organizations. Many of the mezzanine-level groups still require office space, mentoring, and support for developing growth plans; all require infrastructure funding. Risk of failure with mid-level organizations is much lower than with start-ups, and by some measures, the return on investment is higher. For donors who are too risk-averse to jump into the start-up waters, supporting mid-level organizations is a great way to sustain innovative and entrepreneurial efforts while minimizing risks. Such support also provides some assurance that, as organizations grow and reach new markets, the potential for long-term impact will be realized.

With a growing number of successful entrepreneurial efforts (JDub Records, Storahtelling, Hazon, Sharsheret, and a host of others), new communal philanthropies are needed to support mezzanine-level organizations. These groups may not present with the same level of sexiness and cutting-edge appeal as they did when they began, but their early successes should encourage and attract ongoing support as they encounter mid-level challenges. Mezzanine-level support is the next step in helping visionary projects become truly sustainable. 

Nina Bruder is Executive Director of Bikkurim: an Incubator for New Jewish Ideas, which nurtures innovative, New York-based, Jewish, nonprofit start-ups toward organizational sustainability. Bikkurim provides free office space, organizational development consulting, cash stipends, a peer community, and exposure to local and national networks. Bikkurim is a joint project of the Kaminer Family, UJC, and JESNA (www.bikkurim.org).