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BEYOND SEED FUNDING: WHAT DOES SUSTAINABILITY REALLY MEAN?

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"there is a collective failure of the Jewish philanthropic sector **to create a rational capital structure that nurtures worthy, early-stage ventures into maturity**. . .

The **community of funders has not developed a longitudinal view of organizational growth that can reliably foster entrepreneurs and organizations** through the realities of the organizational lifecycle."

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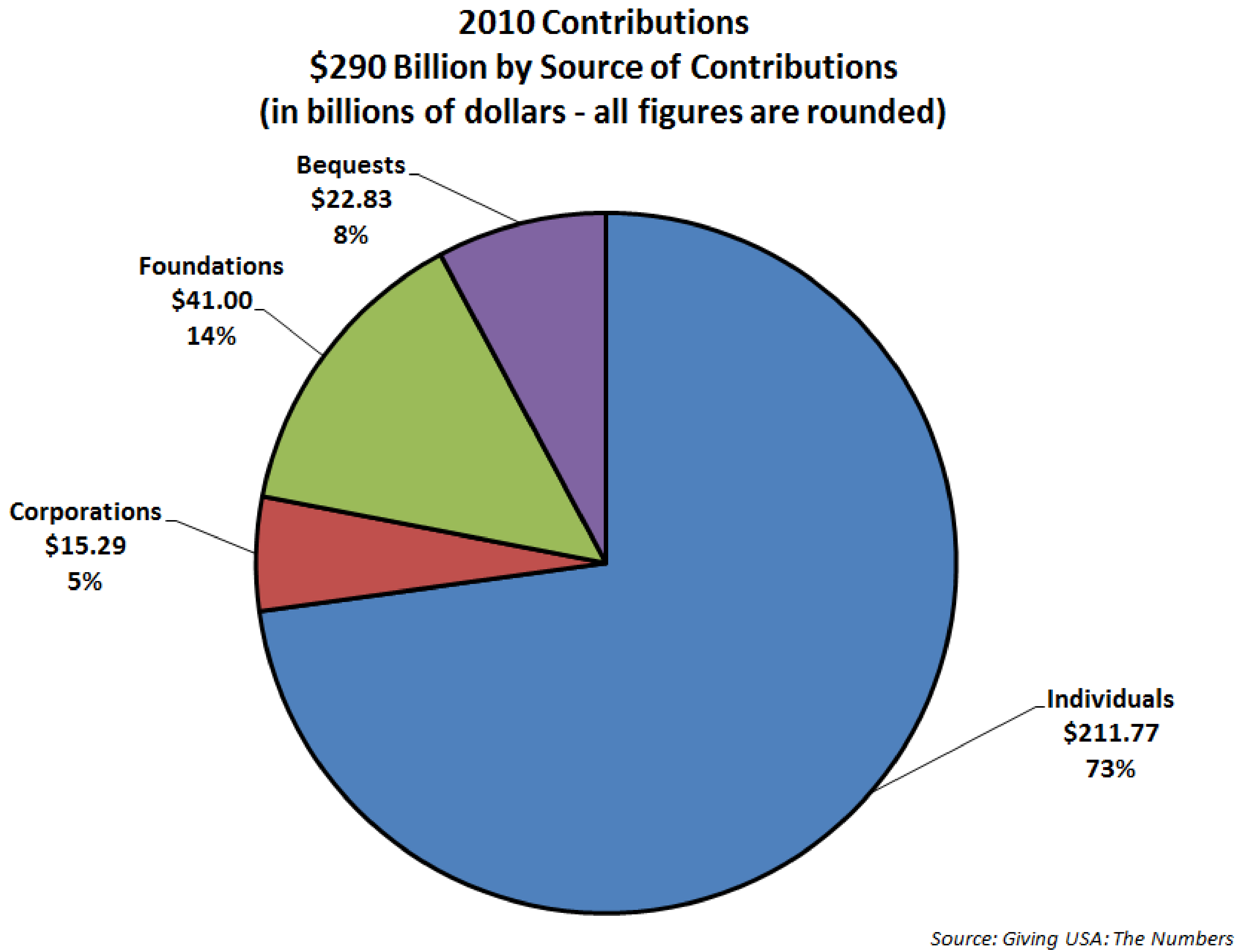
--Adene Sacks, Jim Joseph Foundation


2010 Contributions
$290 Billion by Source of Contributions
(in billions of dollars - all figures are rounded)
Bequests
$22.83
8%
Foundations
$41.00
14%
Corporations
$15.29
5%
Individuals
$211.77
73%
Source: Giving USA: The Numbers

FUNDERS CAN BUY OR BUILD

Funders can invest in two ways depending on their passions or priorities and the age and stage of the organization:

1. Buy existing programs and services

2. Build an organization

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How can we scale, integrate, and support new organizations with the greatest potential in Jewish life?

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CIRCLE OF STAKEHOLDERS

BARRIERS

Philanthropy is fragmented and funders are not good collaborators:

- Funders are used to acting independently and **like having control.**
- Funders often **like to take the lead**, not follow.
- Funders are **not easy to find** or understand.
- Co-funding and **coordination is not the norm**

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BARRIERS

Funders are fragmented and are not good collaborators (cont.):

- Funders **lack of transparency** about decision-making doesn't help anyone be strategic.

- Philanthropy as an **expression of personal values, not effectiveness**.

- Funders have **limited time** and **lack staff**.

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BARRIERS

Funding strategies are not aligned with grantee needs or with each other:

- Funders are **risk-averse**
- Funders are **short-sighted**
- Large, early-stage funders fear perception of “ownership”
- Proliferation of small “kitchen table” foundations
- Funders don’t practice **lifecycle-based funding**

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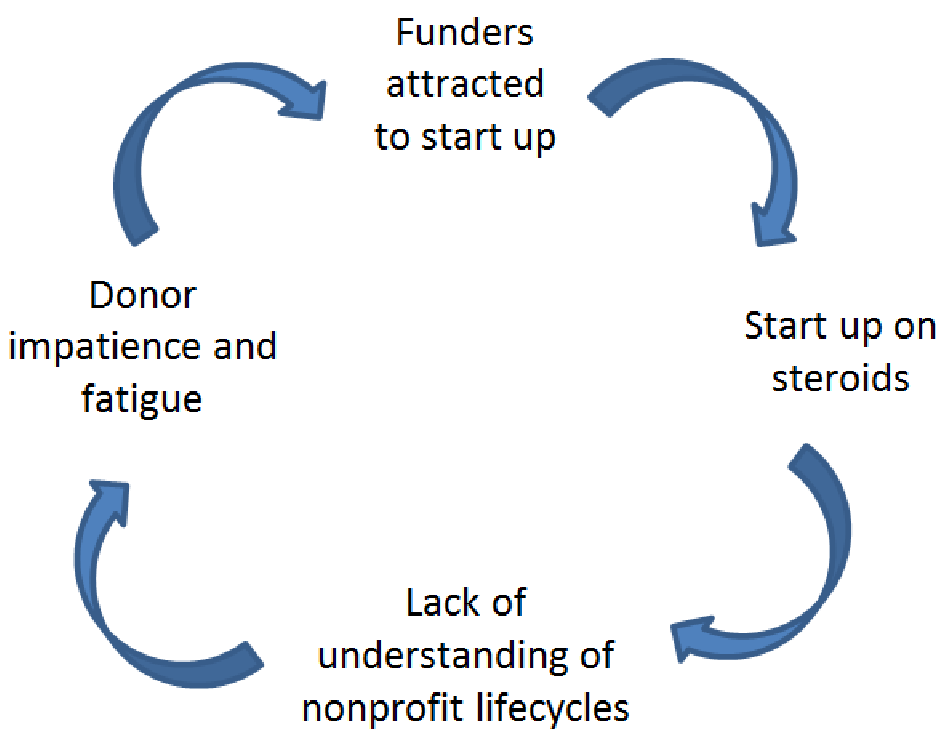
BARRIERS

Funding strategies are not aligned with grantee needs or with each other.

Nonprofit lifecycles vs. the funders' cycle



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BARRIERS

Tensions between Foundations & Federations:

- Foundations see themselves as change agents and don't fund the status quo.
- Federations' allocations often do not fund innovators
- Federations perceive a "here you finish this" message from start-up funders.
- Proliferation of options for donors—federation is not the only game in town.

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GOOD NEWS: WE HAVE RESOURCES

$7.8 billion ➔ resides in donor-advised funds and supporting organizations in the federation world.

$1.1 billion ➔ distributed by these funds last year.

$312 million ➔ distributed by donor-advised funds to secular organizations.

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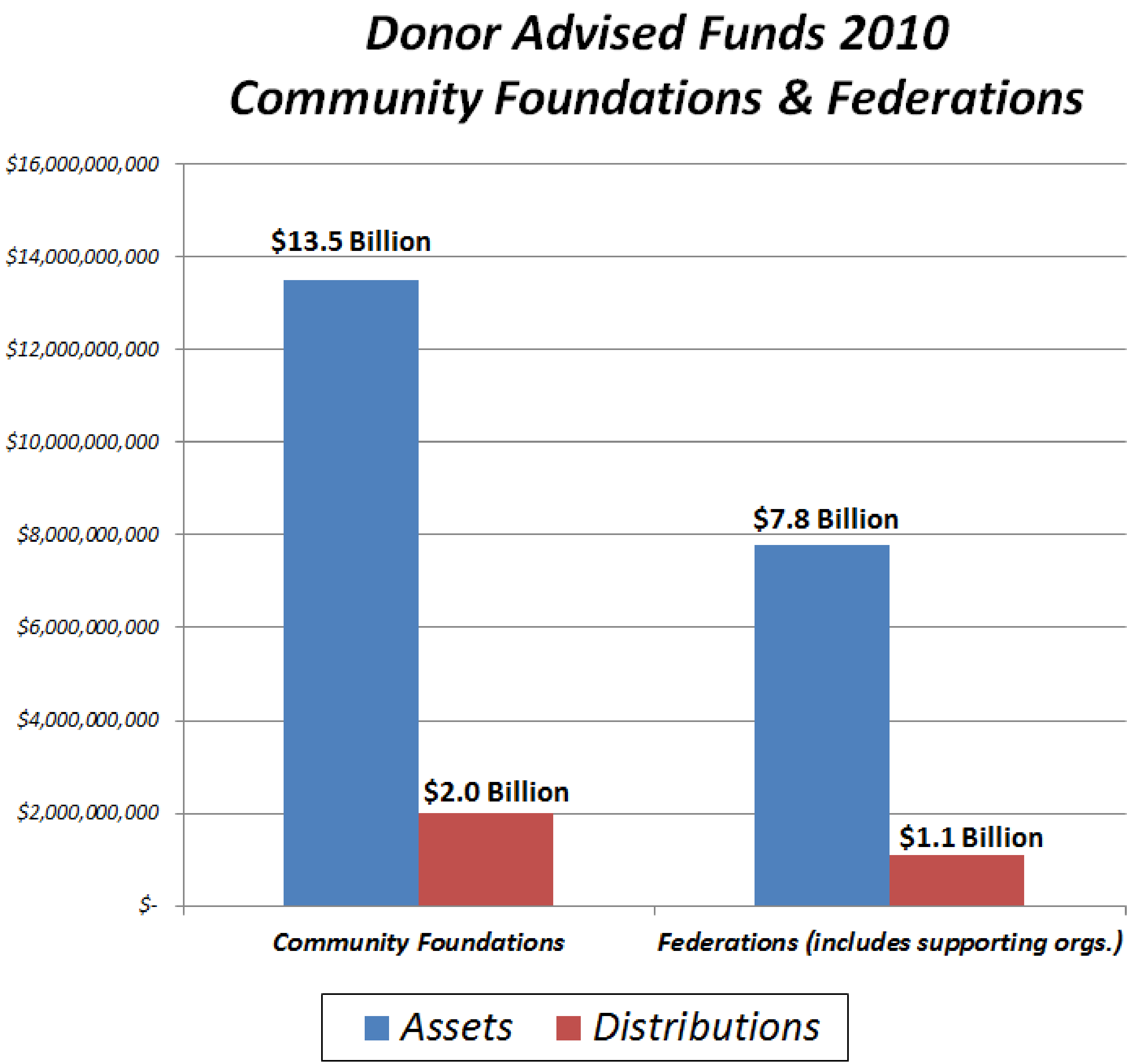

Donor Advised Funds 2010
Community Foundations & Federations
$16,000,000,000
$14,000,000,000
$12,000,000,000
$10,000,000,000
$8,000,000,000
$6,000,000,000
$4,000,000,000
$2,000,000,000
$-
$13.5 Billion
$2.0 Billion
$7.8 Billion
$1.1 Billion
Community Foundations
Federations (includes supporting orgs.)
Assets
Distributions

GOOD NEWS: WE HAVE RESOURCES

$7.8 billion → ready to be spent

$24 billion → in assets held by Jewish foundations

$120 billion → untapped market of individuals looking for social impact investment opportunities

$300 billion → amount Americans give through small, direct donations

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GOOD NEWS: NETWORKS CAN HELP

"Healthy networks operate on the premise that the assets they need are resident within the network, or if they are not, someone finds what's missing and brings it in. They have systems and habits in place for revealing capacity—such as talent, resources and time and tapping that capacity."

--Catalyzing Networks for Social Change, A Funder's Guide published by Grantmakers for Effective Organizations and Monitor Institute

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How can we scale, integrate, and support new organizations with the greatest potential in Jewish life?

WHAT CAN WE DO?

1. **Promote networks** and adopt a peer-to-peer activist mindset.

2. **Invest in network weavers** to promote funder coordination.

3. **Create more philanthropic services** staff within federations to unleash giving.

4. **Increase communications/networks/partnerships** and platforms between donors and their interests and innovators.

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WHAT CAN WE DO?

5. **Educate donors to be builders** with a lifecycle approach.

6. **Integrate new voices, young organizations and young philanthropists** into the conversation.

7. **Attract new donors/builders** by creating “Elevator Funds” segmented by population, donor interest and lifecycle stage.

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WHAT CAN WE DO?

8. **Help start-ups and post start-ups** develop more stakeholders or customers.

9. **Link historic beneficiary institutions with new ventures.**

10. **Encourage foundations and local federations allocations committees** to be builders and not just buyers– to support post start-ups.

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WHAT CAN WE DO?

11. **Create a national foundation/federation social innovation matching fund** to stimulate funding for innovative national post start-ups.

12. **Always be donor-centered but don't be afraid to provide vision and leadership.**

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"My question is: Are we making an impact?"

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Table Discussion Questions

- If we could create from scratch a new "rational capital market structure," what would that look like? What would be needed? Where could it come from?
- How can we harness the power of networks in the Jewish community for the purposes of advancing continual innovation and strong, stable organizational life?
- What goals and strategies can/should federations develop—across all sources of funding—for their investments in innovation?
- How can communities support growth of innovative organizations in non-monetary ways?
- How can we better communicate about organizational needs? How can we create a more information-rich environment for funders?