

SHIFTING THE SPEND-DOWN INTO HIGH GEAR  
A FOUNDATION BEGINS IMPLEMENTING ITS STRATEGY  
YEAR THREE REPORT ON THE CONCLUDING YEARS  
OF THE AVI CHAI FOUNDATION

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CENTER FOR STRATEGIC PHILANTHROPY  
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SANFORD SCHOOL OF PUBLIC POLICY  
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### BACKGROUND

In its 2005 annual report, The AVI CHAI Foundation announced a decision that its Trustees had been discussing for nearly two years, and that had been implicit in many of their fiscal and strategic choices for several years before that. The Board had resolved, Chairman Arthur Fried wrote in his annual message, “to complete the Foundation’s work in 2020, 15 years from now.”

Founded in 1984, AVI CHAI is dedicated to strengthening Judaism, Jewish literacy, and Jewish tradition in North America, Israel, and the former Soviet Union, and to encouraging mutual understanding among Jews of different backgrounds and commitments. As of mid-2011, when this report was being completed, the Foundation’s total assets were \$570 million. (Its website, [www.avichai.org](http://www.avichai.org), provides a complete picture of the Foundation’s projects and programs.)

By the time the Foundation announced its intent to wind down, the prospect of a limited life had been percolating among some Board members for more than a decade. AVI CHAI’s founder and grantor, Zalman Chaim Bernstein, z”l, had hinted

at it in print as early as 1994, when he wrote in a report on the Foundation’s first ten years that “there is very often a radical departure in the focus of a foundation over time from the goals and philosophy of its founder and grantor.” Mr. Bernstein had expressed this very concern from time to time before his death in 1999, though he had left no formal instruction that the Foundation should necessarily be a time-limited institution. “He expressed a preference,” Mr. Fried recalled several years later, and Trustees who knew of that preference took it seriously.

Moreover, the Board had been operating — as a small but growing number of other foundations have done — on the principle that today’s needs demand urgent attention, and that meeting these needs is more important than preserving resources for a perpetual endowment. Four years before the formal decision to spend down, AVI CHAI’s 2001 annual report included the observation that “spending the Foundation’s capital, as well as its income, is an important goal — the issues of today should be addressed by those who are capable of providing meaningful multi-year support. The needs of the Jewish people 20, 40, and even 100 years from now can be addressed by philanthropists fortunate enough to possess significant resources at that time.”

It was a strong hint that the rate at which AVI CHAI had been distributing its resources — with annual outlays that could eventually have exhausted the endowment — was neither accidental nor likely to abate. The announcement in 2005 therefore mainly confirmed an approach to philanthropy that had already taken root in the Foundation’s regular operations and that lay close to the core of its values.

This report is the third in what is intended to be an annual series chronicling the way in which AVI CHAI plans and carries out its final years of philanthropy. This entry covers developments from October 2010 through July 2011. Earlier reports in the series are available at both the AVI CHAI website and at that of Duke University’s Center for Strategic Philanthropy and Civil Society (cspcs.sanford.duke.edu). The Board of AVI CHAI has commissioned these reports both as a way of helping its members reflect on their own progress and challenges, and in the hope that the description of these events, as they unfold, may be helpful to other foundations as they decide whether to pursue their missions in a fixed period of time and, if so, how to do so responsibly and effectively.

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## PART I: OVERVIEW OF A PIVOTAL YEAR

The previous two reports in this series describe a general atmosphere of confidence and pride about the prospect of wrapping up what would eventually be more than a quarter-century of philanthropy. But the two respective periods, 2008-09 and 2009-10, were also years of soul-searching, painful choices, and some uncertainty among staff, Trustees, and grantees. To begin with, the decision to spend down the Foundation’s assets had imposed a kind of finality on the remaining work to be done, a need to focus strategy and husband resources, and a short, strict time-limit within which to accomplish as much as possible. Because the Foundation had traditionally worked as a solo player in philanthropy, rarely seeking or joining partnerships with other funders, it would now have an uphill struggle to help many of its grantees find other sources of support and build bridges to other contributors.

Trustees, who had previously focused considerable energy and attention on individual grants, grantees, and projects, realized they would need to work differently, widen their horizons, delegate more routine responsibility to senior staff, and devote the greater part of their time to overall strategic deliberation and decision-making as they pilot the institution toward its conclusion. But as if all that weren’t pressure enough, many of these changes in thinking and practice were beginning to reach a critical juncture just as the world economy was unraveling, and the value of endowments were plunging across the philanthropic world, in the Great Recession of 2007-09.

The reports for the past two years reflected these anxieties, along with all of the normal thinking, questioning, and planning to be expected in any period of organizational change. This third year of reporting, however, marks a significant change: a period of exciting, promising, and sustained — indeed, reassuring — action and direction. Highlights of the year are summarized here, region-by-region, with additional detail in the sections that follow.

In **North America**, AVI CHAI focuses on three interlocking goals commonly referred to as LRP, representing an effort to foster Jewish *Literacy, Religious purposefulness, and Peoplehood* as a counterweight to the largely secular and homogenizing culture. The program cultivates these qualities principally by investing in Jewish day schools and overnight summer camps, which the Foundation believes will produce the energizing nucleus to lead the Jewish people intellectually, spiritually, communally and politically in the 21st Century. Fifty percent of AVI CHAI’s spending is directed to North America.

The shape of the North American program’s final years has been influenced, to a significant degree, by a number of Working Groups consisting of Trustees, staff, and outside experts, focusing on various topics of current or possible emphasis. With the work of these groups largely concluded, AVI CHAI describes

its new strategy in terms of “field building,” by which it means working toward day school and camping fields that are characterized by financially-sustainable, vibrant institutions and effective people and networks seeking to advance ideas, knowledge, and values. Several new initiatives that resulted from this strategy are in the early stages of piloting or implementation. One important new emphasis has been on strengthening the capacity of principal grantees to help them sustain themselves in a post-AVI CHAI future. Staff members or consultants hired by AVI CHAI increasingly work with major grantees on building stronger boards, developing sound business plans, learning how to market themselves more effectively, raising financial and other resources, and staffing themselves more professionally. Yet there remain some lingering fears that, despite the expenditure of a great deal of money on those purposes, sustainability, for at least of some of the grantees, may prove elusive.

The Trustees’ decision to shift attention from individual grants to broader strategic considerations has resulted in more delegation of authority to the Executive Director and increasing use of multiple-year program budgets. Within the program, the Executive Director increasingly shares decision-making with program staff by delegating leadership for some initiatives to teams led by a program officer with real authority, within specified limits. For example, small modifications to approved budgets no longer require advance approval by the Executive Director. The use of team-management for major initiatives has both freed more of the Executive Director’s time for strategic issues and high-priority decisions and, just as important, created a greater sense of empowerment and responsibility among staff members. It has also made for much more efficient management of program staff time.

The search for funding partners for AVI CHAI initiatives, after years of go-it-alone philanthropy, had raised some apprehension and even doubtfulness at first. Among other things, many wondered how other donors would receive and respond to such an effort. But those anxieties have since been quieted

by some initial collaborative successes, although the number of these is still small. North America-based Trustees have started meeting with individual philanthropists and with trustees and principals of other foundations. While few commitments to partner at that level have yet occurred, some of the responses seem promising. Program staff members have also found warm welcomes, as well as stimulation, among their peers in other philanthropies, which has added to a sense of optimism about widening the circle of partnership. Meanwhile, the Foundation is adhering to a decision to undertake no new initiatives without funding partners.

In **Israel**, AVI CHAI focuses on six strategic areas: fostering Israeli Jewish communities; inspiring Jewish social change agents; creating and disseminating Jewish culture for the general public; encouraging mutual understanding and responsibility; promoting Jewish study and literacy in state schools; and developing the sustainability of the fields in which the Foundation invests. Approximately 40 percent of the Foundation’s budget has been devoted to activities in Israel. Here, a lengthy strategic planning process led to Board approval of a three-year plan in May 2011, which has provided a new sense of clarity, momentum, and confidence to the program. Some of this momentum has been fueled by a decision, in response to a staff request, to increase the annual Israel budget by 10 to 12 percent above its original allocation. The extra resources will be used to help grantee organizations plan and build more sustainable operations in advance of AVI CHAI’s departure, as well as to provide for some new initiatives beyond the existing portfolio. The near-term budget increase will be offset by reductions in later years, even if those mean ending the program in Israel a year or two sooner than the current plan.

Before the approval of the May 2011 plan, AVI CHAI was already in the process of exiting, or had already exited, from 14 out of 43 of its projects in Israel. Some projects, however, are set to expand. For example, one signature initiative, called Nitzanim, now operates in three cities and will expand to six more.

Nitzanim seeks to foster Israeli Jewish communities in cooperation with local municipal governments that agree to match AVI CHAI's funding, sometimes with money provided in part by philanthropies. It offers an opportunity for some current grantees to be integrated within communities in which they already function or could easily function. The UJA-Federation of New York has joined in supporting the three initial Nitzanim sites, and other major funders are being recruited as partners in the expansion.

In 2010, AVI CHAI also launched an initiative called Pseifas, a collaboration with the Jewish Funders Network, the New York Federation, and the T'mura Fund, which offers challenge grants to new donors who support eligible organizations. The response to the initial challenge exceeded all projections, and the program staff hopes to conduct additional Pseifas iterations between 2012 and 2014. Still, despite the promise of efforts like Nitzanim and Pseifas, the larger-scale search for philanthropic partners remains a struggle. Unlike in North America, where Trustees are actively identifying and recruiting funding partners and successors, connections to Israeli wealth-holders and existing philanthropists is more limited, and the field of philanthropy in general is both smaller and less well networked than in the United States. The prospect of an impending sunset has escalated efforts to overcome this disadvantage, however, and as one Israel staff member put it, "One big difference in AVI CHAI now is that this is the first time we're reaching out, and the first time we are very open to partnerships."

The cornerstone of the Foundation's presence in Israel is Beit AVI CHAI, a cultural and educational center located in the heart of Jerusalem, for which the Trustees are reserving at least \$120 million for a final endowment. The Foundation's staff and the staff of Beit AVI CHAI, which generally have operated independently, have begun exploring ways of working more closely with each other and with other Israel grantees, to prepare for a time when Beit AVI CHAI will be the only institutional remnant of the Foundation in Israel.

The program in **the former Soviet Union** is the smallest and newest of the three, and has been a noteworthy exception to AVI CHAI's past tendency toward solo philanthropy. The FSU program began more than 15 years after the other two programs and, partly because of its small size and relative youth, has been much more deliberate about cultivating and expanding on funding relationships with other donors in the region. Major new funding partners have emerged in recent years among wealthy Russians as well as among foundations and other organizations based elsewhere. As a result, there is considerable optimism about the sustainability of the Foundation's work here after its grantmaking has ended.

Program priorities in the FSU center on encouraging Jewish study and involvement among unaffiliated Jews and on strengthening Jewish education, both at the university level and in day schools and at summer camps. The goal of creating full-fledged academic Departments of Jewish Studies at major FSU universities achieved a dramatic breakthrough in the past year when, with AVI CHAI support, the University of Saint Petersburg established such a department, not long after a similar step at Moscow State University.

The FSU program has been a leader within AVI CHAI in its use of the Internet, having pioneered the website Booknik.ru, a Russian-language site focusing on Jewish literature and culture. Traffic on Booknik has grown to an average of at least 600,000 visitors a month. In 2010, the program added a site for younger users, called Family Booknik, and created a social networking function, linked to Vkontakte, Russia's largest and most popular social-networking medium, as well as to international networks like Facebook and YouTube.

In **Financial Management**, the Trustees, internal financial staff, and outside financial advisors have maintained asset allocations sufficient to generate continuing maximum returns consonant with conservative risk profiles. For example, because of the continuing very low return on non-cash

fixed-income investment vehicles, the Trustees decided that the portion of the portfolio that is in fixed income assets (approximately 46 percent of the total) will be held, for the time being, in cash and cash equivalents — what one financial advisor described as “very low- to no-risk assets.” That category is balanced, in the same adviser’s words, “by a meaningful-enough allocation to growth-oriented securities so that the portfolio can still outpace inflation and allow for the spending to continue at its current projected run rate.” Even the equity investments are of a kind that are less exposed to market fluctuation, thus permitting less upside while diminishing the downside risk. Obviously, when the interest rate environment changes, so will the fixed-income allocation.

For AVI CHAI, which spends about one-third of its money in Israel, the recent steady strengthening of the shekel against the dollar has required the Foundation both to take pains to avoid serious harm to its Israeli grantees resulting from that strengthening, and also to take steps to ensure that its capacity to endow Beit AVI CHAI at the intended level is not compromised. As Trustee Alan Feld pointed out, “The real current risk is the risk of the currency you spend in. Since a very large segment of our future spending, including virtually all of Beit AVI CHAI’s future spending, is denominated in shekelim ... major steps have been taken to protect against that and other key risks.” These concerns have led the Trustees to allocate some of the Foundation’s fixed-income portfolio to long-term shekel-denominated, inflation-linked Israeli government bonds.

Despite the very conservative investment asset allocations, the 2010 return on the AVI CHAI endowment was a positive 6.3 percent. According to Mr. Feld, “the investment decisions made over the past several years probably have put the performance of the AVI CHAI portfolio in the top 10 percent of institutional endowment fund management.” Nonetheless, Trustees recognize that market fluctuations necessarily introduce a level of uncertainty into the Foundation’s schedule for

spending down, and they have made peace with that uncertainty. As Trustee Lief Rosenblatt, a member of the Board’s Finance Committee, put it, “I think the spend-down as a broad proposition is probably going just fine for this stage. ... [F]inancially we have faced the fact, and I think resolved, that if the spend-down takes seven instead of nine years, so be it. Rather than let the markets dictate to us what our spending policy will be year by year, we’ve put in a spending policy with the notion that if the money doesn’t suffice to carry us all the way through the nine or ten years, so be it.”

One area of foundation management that rarely receives sufficient attention — except in times of exceptional transition or, as in this case, when a foundation is preparing to close — is the maintenance of its **historical records**. In reality, such archiving and record-keeping is important not only for institutional history but for accountability. Yet at many institutions the subject is rarely discussed, if at all, at the senior management or Board level. In AVI CHAI’s case, the minutes of the Executive Session of the May 2011 Board meetings reflect, for the first time, a sustained discussion of the importance of starting to plan for the archiving of the Foundation’s records going back to its beginning.

The preservation and indexing of records are an essential part of the spend-down process. But they are complicated and time-consuming; they typically can’t be handled responsibly if deferred until the final months when Trustees and staff are no longer able to direct and oversee the sorting and disposition of records and the many steps necessary to making them available to scholars and the public. Most of the large perpetual foundations made such decisions early in their lives, and arranged for the continuous transfer of their records to archives of their choice, subject to pre-established time thresholds during which such materials would not be open to scholarly and public inspection. Some perpetual foundations have chosen to archive their records at the Rockefeller Archive Center in Sleepy Hollow, New York.

Others have created archives in university libraries, and still others — precisely because they *are* perpetual and large enough to provide a permanent repository — maintain their archives themselves. Foundations that intend to spend their assets down do not have this option, so it is encouraging to note that AVI CHAI has given itself several years in which to collect and catalogue its documentary history and arrange a secure, permanent home for it.

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## PART II: THE PROGRAM IN NORTH AMERICA

One effect of the extensive spend-down planning in North America— including months devoted to examining current activities, exploring possible new ones, and designing pilots to test the best new ideas — has been that current spending is by now significantly below the projected budget. Executive Director Yossi Prager admits being “discomfited” by this momentary dip in activity: “The Foundation has eight years left, we have a budget for North America of \$21 million and we’re spending at the rate of \$17 million. ... But all these new things are speculative. We don’t yet have the ideas developed, and we don’t know exactly how these ideas will unfold.” Nonetheless, Trustees and staff members alike express confidence that the temporary under-spending has left room, fiscally and strategically, to begin trying out the most promising new ideas and expanding on current initiatives. Of the various ideas to emerge from the Working Groups and other planning efforts, the following are among the most prominent.

### Capacity Building

Grantmaking in North America has long concentrated on programmatic achievement rather than on building durable organizations that could carry these achievements forward. One result is that, as of mid-2011, Foundation staff had concluded that the key institutions they regard as leaders in Jewish literacy, religious purposefulness, and peoplehood (LRP) had not yet developed a well-thought-out, adequate business plan. But AVI CHAI’s attention to organizational strength has risen markedly in the past year, when the Foundation assigned two veteran

staff members — one in North America, one in Israel — to develop capacity-building plans for each of its grantees. AVI CHAI retained the Bridgespan Group, a nonprofit strategic consulting firm, to help with various aspects of its late-stage philanthropy, including advising grantees on these capacity plans. With Foundation support, all nine of North America’s leading grantees will consequently embark on what a recent strategy statement calls “a strategic path toward planning and sustainability” in the coming year, covering issues of leadership, program strategy, finances, and operations.

The attention to capacity-building is still new for AVI CHAI, and not everyone is comfortable with the prospect of supporting broad organizational development alongside specific projects and programs. Trustee Mem Bernstein expressed concern over the prospect of saying to grantees, “‘We’re giving you capacity-building funds; tell us what your plan is.’ Their plan might be something totally different from what we’re interested in.” Notwithstanding some unease of this kind, there is now a general consensus that durable programs require durable organizations to operate them, that strategic and business planning are an important part of that durability, and that the Foundation will ultimately support only those aspects of the resulting plans that contribute to sustaining the work to which it is committed.

### Day School Finance

One of the Working Groups in the past year or two focused on various ways of shoring up the precarious business models of Jewish day schools, including cost-cutting, cost-sharing, endowment-building, and potential use of online learning. As an outgrowth of those discussions, the North America program hired a new program officer with a background in finance as well as a strong personal involvement in Jewish communal life and education. Mr. Prager notes that, by now, “Day school finance has become firmly implanted in all its variegated forms, some of which were not anticipated when the Working Groups were operating, and has become a key part of our work.”

In one sign of this new emphasis, AVI CHAI is helping to set up the infrastructure for the National Day School Endowment-Building Project of the Partnership for Excellence in Jewish Education (PEJE), which has joined with Jewish federations and funders in several cities, including Baltimore, Los Angeles, New York and possibly Boston, to assist schools in building endowments. Because these efforts involve the participation of local donors, they also contribute to the goal of expanding the Foundation's network of funding relationships.

### **Online Learning and Networking**

The rapid development of the Internet as an educational tool has important implications for Jewish day schools, though its potential there (as in many other branches of education) is not yet clear. Trustee Mem Bernstein summed up the Foundation's view on this issue by noting that "in the next 10 or 20 years all schooling will have changed. It would have been great to have had the day schools as the leaders in that change. They are small enough to have done it. We're not there, but we're working on it." And yet she later added that, in cultivating something as personal as Jewish literacy and identity, "the leadership and the role modeling have to come from the Jewish teacher, not from the screen."

Recent grants have begun to explore the opportunities in online learning, with an eye toward identifying areas of strength and helping to integrate those into the traditional day school field. For example, the Pre-Collegiate Learning Center in Highland Park, New Jersey, has created excitement among AVI CHAI North America staff, as well as others, primarily because instruction is offered partially online, and, as a consequence, its business model is based on a tuition of only \$5,000 a year. The Foundation has supported a new website focused on online learning at the New York-based Jewish Education Project, and has helped it start a network of existing day schools — 17 at current count — that use online learning. At this point, AVI CHAI is focusing on online education's potential for supplementing the

educational offerings within day schools, primarily general studies but also pilot initiatives in Jewish studies. However, program staff members are also monitoring other arrangements, such as online charter schools, for models that may prove useful.

These possibilities also pose challenges and uncertainties for the schools themselves. As an AVI CHAI staff member observes, "When a new school develops, either on the remains of an old one or from scratch, to utilize technology to lower costs and give better education, that's an easier story. But when an existing school is trying to introduce technology, it's much harder. ... So here's the math teacher who might lose his job because the school is using an online program instead. That's a tough decision for a manager in a day school environment."

For now, the field of online learning remains new and relatively inchoate, and its potential application in Jewish education could take many different forms, only some of which may ultimately prove worthwhile. The Foundation has consequently had to organize its work in this area carefully, with guidance from the Bridgespan consultants, to ensure that it can contribute to the experimentation and sifting of ideas without overwhelming the small staff available to work on these issues. Nonetheless, for an institution with only eight years of grantmaking left, the technological promise of online learning and the economic efficiencies it might offer seem to be important enough to warrant a significant new effort.

Meanwhile, the Foundation's own presence on the Internet has become more wide-ranging with the appointment of a manager for social media and an expanded use of online networks such as Twitter. The AVI CHAI blog ([www.avichai.org/blog](http://www.avichai.org/blog)) has become much more active, with more members of the staff contributing to it frequently. The Foundation is also helping grantees put the online networks to better use. As a staff member explained, "We launched some experiments with a limited number of day schools to help them use social media to build their alumni communities. One experiment involved



about ten schools in a Social Media Academy that had several different components: three days of in-person learning with a social media expert, then each school selected its own project to work on, which they continue to do; there was a Facebook online fundraising campaign where AVI CHAI challenged the schools to match gifts from new donors. ... AVI CHAI also gave the schools incentives to update their databases of alumni and alumni families, especially if they could get social media information for them. We are about to hold a video contest that will be open to many more schools to help them learn how to make videos for recruitment and fundraising.”

Yet the use of social media, like the forays into online education, remain exploratory and still partially unformed. “I think the question is to what extent we want to catalyze a national conversation about purpose,” one employee said. “You can have all this presence online, but if you want to be a force, you have to be focused. Were we to decide what the focus is, I think we could do amazing things with the social media toolkit. Until we know what that focus is, I’m not sure what it all adds up to.”

The next year or two are likely to begin supplying some answers to that question, or at least more clarity and deliberateness about the explorations now under way. It seems nearly certain that the Foundation’s work in this area will expand, in one way or another, as the importance of the Internet rises as a locus of social interaction worldwide. As another staff member summed it up, “The Internet is the fourth continent for us. We’re working in North America, Israel, the FSU — and the Internet.”

### **Strengthening Relations with Other Donors**

Part of the Bridgespan Group’s services to AVI CHAI includes helping to identify and recruit co-funders and to deepen these funding relationships once they are formed. The effort builds on a recent AVI CHAI policy not to undertake new initiatives unless they are at least 50 percent funded by others — a policy aimed at ensuring that projects are not orphaned when the Foundation eventually closes its doors.

The 50 percent rule is being broadly adhered to, although as Mr. Prager points out, “We do have some exceptions; ongoing programs aren’t automatically funded at 50 percent. Things we think we can get done quickly or early pilots we might fund ourselves, but as a rule everybody understands we’ll do things only together with partners. ... We also have internalized the policy that, for AVI CHAI support, an initiative need not be created here. ... If an idea will do something important for the field, invented here or not, we would want to be part of it.” The last sentence is particularly significant for an institution that formerly avoided outside initiatives, for fear they might lead to distraction or mission creep.

A deepening relationship with the Jim Joseph Foundation has led to two new initiatives, one on overnight camping and the other on Jewish education knowledge development. Outreach to other funders with kindred interests is likewise showing increasing promise. In response to a Bridgespan recommendation, the Foundation has created a new position to spearhead this outreach and to coordinate contacts with possible new partners.

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## **PART III: THE PROGRAM IN ISRAEL**

In contrast with North America, where current outlays have been temporarily lower than forecast, the Israel staff has come out of its recent planning process with additional initiatives for which the Board has permitted a temporary increase in the budget. At this point, staff members in Israel have begun working in earnest on sustainability and capacity-building measures for current grantees, including a capacity-building needs assessment for key grantees and the development of multi-year capacity-building plans for addressing their organizational needs. The program began awarding “final exit grants” to a few longtime grantees, stretching over a three- to five-year period, and settled on a process for sequencing the exit from other funding relationships. This process envisions starting with terminal grants for those least dependent on AVI CHAI support, for whom the Foundation’s departure will be easiest

to bear, and allowing more lead time, and potentially larger final grants, for organizations that have received large amounts over the years or that are especially dependent on the AVI CHAI support they have received.

As it winds down past work, the Israel program is using some of its near-term budget increase to launch a few new or expanded initiatives between 2012 and 2014. These fall into five strategic areas that the Board approved at its May 2011 meeting: (1) Developing the Field, (2) Fostering Israeli Jewish Communities, (3) Promoting Mutual Understanding and Responsibility, (4) Inspiring Jewish Social Change Agents, and (5) Creating and Disseminating Jewish Culture for the General Public. A sixth priority, Promoting Jewish Literacy and Values in State Schools, is still in development as this is written. The first of these is an especially complex and far-reaching undertaking, which may be useful to discuss in some detail.

### **Developing the Field**

In its presentation to the Board in May, the staff broke down this goal into several component parts, the first of which is *defining and mapping the field to which AVI CHAI Israel is dedicated and disseminate the findings, as well as engaging other philanthropies interested in the field to collaborate in developing that definition.*

Three other philanthropies have already agreed to take part in this effort — the Jacobson Family Foundation, the NADAV Foundation and the Posen Foundation — and others are considering it. Although the exercise may seem academic, the staff memo to the Board explains why defining, mapping, and communicating are actually critical to AVI CHAI's end-stage planning as it prepares to exit the field and to attract other funders to take up the cause:

For years, we have referred to the field in which AVI CHAI operates without adequately defining it. We have internally referred to it in various ways — as 'Jewish renewal,' as 'Israeli-Jewish education, identity and culture,' and via other terms. We attempt to forge partnerships with other stakeholders, although each partner defines the 'field' in its own way.

In order to effectively and jointly promote this field, we believe we need to develop a common language that can be used to promote greater public awareness and involvement. The beneficiaries of this process will be policy makers, current and future funders, NGOs and their participants, academic and research institutions, and the general public.<sup>1</sup>

Other aspects of field development follow from this: *securing philanthropic partners, capacity-building of grantees, knowledge development, evaluation and research, and promoting public support via networking, marketing, public relations, and legal advocacy.* Among other things, the staff has assembled a team of six consultants to work with AVI CHAI and its several key grantees in developing strategic capacity-building plans for each organization and then to help them implement the plans. The capacity-building and philanthropic partners teams in Israel and North America have been regularly consulting with one another, as well as occasionally with advisers from the Bridgespan Group.

The staff's increased involvement in the capacity-building process, including its selection of consultants and participation in the planning exercise, is the result of lessons learned the hard way. When AVI CHAI began the process of winnowing its list of grantees in 2009, the exit arrangements came with an offer of consultation services to grantees who chose to make a request. A few did, but not all. In the succeeding years, it has become clear that most of them are having a very difficult time replacing the AVI CHAI funding, and many of them have had to cut their budgets significantly. Although this small experience is not enough on which to base a whole exit strategy, staff members have concluded that "Capacity assistance provided prior to the exit grants appears to have helped a number of grantees to manage more successfully (so far) the Foundation's departure. ... Our willingness to stretch out the allocation span for the final grant provided some grantees with fruitful opportunities to find funders to match AVI CHAI's money, and helped extend the time needed to seek new partners."

<sup>1</sup> Eli Silver, "Developing the Field," Background Memo to the AVI CHAI Board of Trustees, May 1, 2011, pp. 1 and 2.

## Finding New Sources of Support

The goal of “promoting public support” likewise led the program staff to identify experts with relevant experience — in this case, lawyers familiar with the government advocacy arena. Staff members had detailed discussions with several of them — examining, for example, various arrangements and vehicles that might be used for making government funds available to grantees, and discussing strategies for attracting funds from government, while staying well within the legal limits on advocacy by foundations.

The greatest challenge for AVI CHAI in planning the end of its grantmaking in Israel is that country’s lack of a robust culture of philanthropy. This, said Trustee Ruth Wisse, “is an area where the duty does devolve on AVI CHAI to make a significant impact. For our grantees, we want to leave something after us for our own ambitions — a living legacy and not simply a closed door. But along with that comes the challenge of trying to convince Israelis that yes, they have a system of high taxation and they don’t receive generous tax benefits from philanthropy — but still, people ought to reconsider the place of philanthropy in their lives.”

## The Future of Two Key Initiatives

Tzav Pius, an operating initiative run directly by AVI CHAI, is an effort to promote mutual understanding and responsibility among Israelis. Among other things, it produces “encounter and dialogue programs between people at all points along the religious-secular spectrum; informational campaigns and advertising in the media; television and radio productions, and more.”<sup>2</sup> With the conclusion of AVI CHAI’s work less than a decade away, the future of Tzav Pius has naturally been a matter of speculation. Staff and Board members have lately begun discussing the possibility that

<sup>2</sup> From the Tzav Pius website, “About Us,” at <http://www.tzavpius.org.il/node/665>.

<sup>3</sup> Report of the Beit AVI CHAI Visiting Committee, January, 2011, pp. vii-viii.

the program might become an independent organization that could attract its own outside funding.

If the activities of Tzav Pius are to continue beyond 2020, some organizational provision will have to be made for them, given that staff and Trustees regard them as an important part of the Foundation’s legacy in Israel. In 2011 Tzav Pius began a strategic planning process to explore what a future operation might look like, including the possibility that it might be financed, managed, and governed very differently from the way it is today.

Similarly, strategic thinking about the future of Beit AVI CHAI — another initiative closely identified with and fully funded by the Foundation — has begun to intensify in recent months, although there are many questions and possibilities yet to explore. (Unlike Tzav Pius, Beit AVI CHAI is a separate organization whose future will be secured with a Foundation endowment.) In 2011, AVI CHAI Chairman Arthur Fried appointed a Visiting Committee to assess Beit AVI CHAI’s progress and direction after its first three full years of operation. The Committee concluded that the organization has “created an original way of connecting Jewish tradition and Israeli society and culture, offering a broad spectrum of content and activities that distinguish it from other cultural institutions. Due to this unique perspective, Beit AVI CHAI has quickly become a cultural brand name in Jerusalem and its environs. ... As an organization, Beit AVI CHAI is run with an excellence that is rarely found in cultural institutions or even commercial enterprises in Israel.”<sup>3</sup>

Among many open issues is whether it would be advisable to pursue formal relationships between Beit AVI CHAI and one or more other organizations and initiatives in Israel that are now supported by the Foundation. AVI CHAI Trustees are also considering the future composition of Beit AVI CHAI’s Board, to ensure that its governance and funding remain stable after the Foundation that gave it birth has ceased to exist.

## New Initiatives in Israel

Trustees and program staff have long contemplated reserving a portion of the Foundation's resources for the purpose of keeping the spirit of innovation and renewal alive in the Foundation as it moves toward sunset. A number of possible new activities have surfaced over the course of 2011, including the following:

- **Young Communities**, groups of “young people who have a common bond and who choose to make their home in an outlying region” of Israel, typically sponsoring “social ventures in the field of education, the community and welfare.”<sup>4</sup> They have approached AVI CHAI for support in further developing the Jewish component of their experience.
- **Batei Kehillah**, groups of secular and traditional Israelis interested in fashioning intimate communities based on Jewish education and experience. AVI CHAI Israel seeks to work in collaboration with other funding partners and the network of these communities to enhance their stability and reach throughout Israel.
- **Shnat Sherut**, programs run by some 20 organizations for a cohort of post-high school, idealistic youth who dedicate a year of volunteer service to addressing acute social needs in Israeli society prior to their military service. AVI CHAI is looking to support the infusion of Jewish content into the Shnat Sherut framework, whose basic infrastructure is already funded by others.
- **Jewish Peoplehood**, reflecting the conviction that the bonds of Jewish identity that unite Jews worldwide are tenuous and need to be cultivated. The staff plans to explore opportunities for integrating Jewish Peoplehood programming into other activities and organizations sponsored by AVI CHAI.

<sup>4</sup> From the website of the Jewish Agency for Israel, Young Communities page, at <http://www.jewishagency.org/JewishAgency/English/Israel/PriorityRegions/youngcommunities>.

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## PART IV: THE PROGRAM IN THE FORMER SOVIET UNION

AVI CHAI activity in the FSU takes place in three primary categories: (1) Jewish day schools, summer camps, Hebrew-language study, and curriculum development for schools and camps; (2) academic Jewish studies, including departments and centers at Russian universities; and (3) social and cultural programs for unaffiliated Jews in the FSU, which encourage unaffiliated Jews to encounter Jewish ideas, literature, thought — and, it is hoped, activity. As in North America and Israel, the program is searching intensively for funding partners who might contribute to grantees' longer-term survival, and several efforts under these headings have made progress toward that end in the past year.

One new educational initiative, Eshkolot, has attracted interest from other foundations, as has the newly established Department of Jewish Studies at St. Petersburg University. (Eshkolot, launched barely a year ago, focuses on engaging Moscow's young, university-age and young-professional audience in ongoing Jewish study programs.) Two other text-based programs, the Jewish History Book Series and the Children's Book Series, have received major grants from individual donors as well, and the Shabbatonim program, which promotes and enhances Shabbat observance in day schools, received a sizable grant from a major Jewish organization, as well as renewal of current support.

The success of the Booknik and Family Booknik websites have made it possible for AVI CHAI staff to turn their attention from building these online resources toward attracting partners and successors to support them. Other FSU initiatives that already involve or could make use of websites to serve their programmatic objectives will require support, too, in the post-2020 years. This includes one website, the Russian Jewish Encyclopedia, whose development was actually supported by AVI CHAI's Israel program, but which has obvious relevance to the FSU.

The site currently attracts 120,000 visitors a month, of whom one-third are from the FSU, one-third from Israel, and one-third from elsewhere in the world. It is now struggling to find longer-term support and potential institutional collaborations.

All of these FSU initiatives still have much farther to travel in forming a solid, sustainable funding plan beyond AVI CHAI's lifetime. But optimism about that goal is running relatively high, given the staff's extensive engagement with possible funders. Trustee George Rohr, a keen observer of the former Soviet Union who has been closely involved in the program's development, described himself as "the least worried" about initiatives there, compared with the Foundation's other two geographic areas. "I think they will be well-rooted, with partners who understand and are committed to them and want to take them to the next level." But he adds, "To be fair, it's also smaller and therefore easier to do" than sustaining the work of larger programs in North America and Israel.

### The Virtual Future

Because the use of the Internet is much more central to the activities of the FSU program than to those of North America or Israel, finding a sustainable configuration for the various online activities will be a crucial challenge. For example, would some of them be stronger if they were combined and consolidated? Is there enough funding to sustain them all separately? Would many sites with separate profiles and purposes be better than a smaller number of multi-purpose sites? On the one hand, the strong performance of Booknik, with its 600,000 monthly visitors, suggests that it could absorb and lend strength to other sites and initiatives; on the other hand, doing so would mean that any problems that Booknik might encounter in the future would also ensnare other initiatives that have been integrated into it. Speculating about the pluses and minuses of linking other sites to Booknik, a tech-savvy staff member observes that "it would mean that, if we don't have a sound succession plan for Booknik, we'll fall apart not only on that front, but on all the other fronts as well. We have to be cautious.

I think we're starting at the right time; we still have time to figure out a solution."

The information-technology questions that run through several of AVI CHAI's initiatives are a good example of one challenge that any limited-life foundation is likely to face: The foundation's strategy for ending its grantmaking will depend partly on the state of technology at the time the program closes — or, more realistically, a few years before the program closes, when the terminal decisions about strategy and final investments are being made. But technology changes quickly, and the best IT solutions today may seem antiquated by 2020. For this reason, AVI CHAI and other limited-life philanthropies need to build not only technical expertise into their projects and grantees, but strategic adaptability as well, to help them weather the inevitable time, not far away, when today's expertise will be obsolete.

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### CONCLUSION

More and more, Foundation staff members are helping grantees, and often gently prodding them, to confront the organizational, financial, and strategic challenges they will face in a post-AVI CHAI future. Given how integral the Foundation's support has been to many of these grantees, survival after AVI CHAI's sunset will often demand profound, perhaps unsettling, changes in the way they operate — changes that need to begin very soon and that will intensify over time. Because grantees typically plan in short increments, rarely more than three to five years, it can take some pressure (and considerable diplomacy) to prompt them to think over a longer term and to re-examine longstanding habits and assumptions. One example of such an effort took place in 2010. It may serve as a useful conclusion to this year's report.

In this instance, a senior Foundation staff member spent a great deal of time interviewing a broad sample of employees, program participants, and Trustees of a large and longstanding grantee organization.

The goal of the interviews was to assemble the visions that all the stakeholder groups entertained for the institution and its future. The interviewer then wrote a comprehensive report that analyzed how all the various visions converged and how they differed. It then challenged the grantee to try to articulate how best to go forward in becoming the kind of institution that, as a group, they all wished it to be — both in the near term and after their support from AVI CHAI had come to an end.

Afterward, a senior executive of the grantee organization observed — appreciatively — that the exercise had “created a crisis.” “Everything was pretty good,” this officer said, “and then we took a good look at ourselves. ... In many ways it’s gratifying, because I’d say that two-thirds or perhaps half of the good ideas I saw in [the interviews and AVI CHAI report] I never would have thought of myself. ... Maybe I should be honest and say we’re moving to another stage. This has been transformative for me.”

The rethinking has been just as profound within AVI CHAI, and arguably more so, in the past year or two. A final comment from Trustee Lief Rosenblatt sums up the pace, depth, and ambitiousness of the past year’s work, and the sense of momentum that surrounds it:

Both the Israeli and American staffs, along with the Trustees, have gone through in a thorough way and regrouped their programmatic thinking and prioritized it. We’ve lopped off those we didn’t want to support. In various ways we’re trying to build an exit for most of our programs by implementing sustainability and [helping] them get the tools so that they can reach sustainability on their own. That could be marketing help, endowment-raising help, just planning and budgeting help; or it could be on the cost side, looking at similar enterprises and seeing if they are out of line, and, if they are, can they save some money? There are all kinds of ways we try to generate sustainability. We’re trying to work with organizations to build boards, to broaden the support and partnerships, and to use social media. All that is in process. I don’t have a gauge to measure each of those systematically where they stand. But ... I think we’re making progress.