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## Developing a Sustainable Financial Model

Summary Recommendations for  
the Board of Directors of *The Kavana Cooperative*

February 26, 2010

**Financial discipline.  
Integrated strategy.**

## Context

The Kavana Cooperative (“Kavana”) was launched in 2006 to offer an alternative, innovative and supportive community experience for people seeking an open-minded setting in which to use *kavana* – intention – to create a personally meaningful, joyful Jewish life.

Kavana has quickly outgrown its initial experimental phase to become a vibrant community – with high quality educational and spiritual programming – that serves over sixty partner households, an additional one hundred non-partner participants, and another one hundred family and friends. Average attendance for programs during the most recently completed year (FY 2009) was 70 individuals (from households without children) and 40 households with children. In 2009, Kavana was recognized by *Newsweek* as “one of the twenty-five most dynamic Jewish organizations in the country.”

Together with a long list of organizational and programmatic successes has come a natural question regarding how best to develop a financial model that advances the values and purpose of Kavana, is inclusive in spirit, and is sustainably predicated and practiced. For this reason, DZO Strategists, LLC (“DZO”) was retained to assist in coaching, facilitation and collaborative thinking to help Kavana’s Board Chair, Rabbi, Board of Directors, and Director of Operations design a process which will culminate in a sustainable and acceptable financial model.

By its fourth fiscal year (FY 2010), Kavana has shown itself able to raise \$311,000 in revenue and manage an expense budget of \$281,000. This good news is tempered by the reality that initial start-up funding is beginning to recede; the current economy greatly impacts the partnership; and the next four fiscal years are expected to be considerably different than the four preceding. FY 2011 currently appears to present at \$50,000 gap, with FY 2012 approaching a \$100,000 gap. It is clearly time to shore up thinking and resources in order to plan wisely for Kavana’s next developmental stage.

## Recommendations

It would be difficult to overstate the importance of recognizing the dual nature of Kavana's question, as if two sides of a single coin: There is a mathematical component as well as a community component. Each affects the other, each must be treated appropriately, and each can enrich the other.

By mathematical component, we mean that there are concrete financial realities which must be addressed and resolved. By community component, we mean that there are relationships, values, perceptions, anxieties, intentions, emotions and goals to be both honored and considered. Ultimately, the question before the Kavana Cooperative is this: "Can we develop a sustainable financial model that allows us to advance our community values and purpose?" In other words, it would *not* be acceptable to design a financial model that is ostensibly sustainable yet does not advance Kavana's values and purpose; it would likewise be unacceptable to develop an unsustainable financial model that purports to advance Kavana's values and purpose.

For the reasons above, DZO has recommended a one-year period of community wide reflection, dialogue and decision-making rather than encouraging the board to simply make a decision and move forward. This key question in the life of Kavana allows for a structured opportunity to consider options, listen across the community, grow in individual and collective knowledge, and arrive at a place of both fiscal sustainability and community value congruence.

The one-year period of reflection, dialogue and decision-making should include each the following activities:

1. **Clear articulation** of the present financial model, made accessible to all who wish to see Kavana succeed in its long-term values and goals.
2. **Thoughtful discussion** of Kavana's proposed vision, values and mission statements. Such discussion should include attention to these questions: (A) Should Kavana balance the meeting of needs within the community with an effort to demonstrate a new model for others (e.g., regionally or nationally); and (B) What does the word "Cooperative" mean for Kavana, in practice?
3. **Formal meetings** of the Partnership (March 2010, June 2010 and February/March 2011) featuring both (1) factual updates on financial realities and options, and (2) room for dialogue regarding questions raised by these realities and options.
4. **Informal forums** to provide a safe and transparent setting for questions and answers regarding Kavana's financial health and its meaning for partners

and participants. Questions, dialogue and expressions of concern should be encouraged.

5. **Educational offerings** (both instructional and dialogical) regarding the role of money in Jewish life and spiritual practice; freedom to critique “old” models and practices; and creative thinking regarding positive expressions of the integration of personal values and personal finance as a matter of intentional Jewish practice.
6. **Review of best practices** in nonprofit fund development and financial management, minimally inclusive of the board of directors but ideally inclusive of a larger team of interested partners and participants.
7. **Development of two or three potential financial models** for discussion of pros and cons.
8. **Culmination in a decision** by the Partnership in early 2011, at the February/March meeting, including a plan to review and evaluate the model after its first year of implementation.

It is clear to DZO that Kavana possesses and enjoys outstanding minds and leadership skills. It is quite possible that Kavana will take this task, move forward with it, and reach a successful conclusion with its own resources. To the extent that Kavana leadership would seek consultation or coaching – particularly on the financial model itself – DZO would be pleased to be a resource. However, the value of the existing talent within Kavana should not be underestimated.

Attached is a visual timeline to illustrate distribution of the above activities within a year that will move swiftly.

# The Kavana Cooperative

Developing a Sustainable Financial Model

Timeline of Activities

