Supporting Start-ups
Managing Mission, Risk, and Opportunity as Fiscal Sponsors

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What’s at stake?

Fiscal sponsors have always been an essential, go-to resource for new nonprofit and social impact projects and initiatives.

It is an essential part of many fiscal sponsor missions, in particularly those serving grassroots and smaller organizations.

Any new start-up is resource intensive – on all fronts! – yet most start primarily with “sweat equity”, and it may be some time until funds start to flow that would support the fiscal sponsorship relationship.

Also, as with any new project, there is relationship testing needed between sponsor and project. This leads to a series of questions and challenges for sponsors…
Strategic considerations

Not all fiscal sponsors support start-up projects, yet more are considering such support in the context of our social justice reckoning: there is great need for more culturally competent sponsors for new, equity-based, social and climate justice work.

- How might supporting start-up or speculative projects fit into our mission/theory of change?
- If it does, how much of our capacity do we want to allocate to these supports?
- How does this work differ in both the kinds of support and manner of delivery?
- What’s the resource model; how do we cover our whole costs-to-deliver?
- What staffing, cultural competency, operating systems, policies, and practices will be needed?
- How do we evaluate success over time: cut our losses or keep “investing”?
Considerations for scale and efficiency

In supporting start-ups, it’s good to think about efficiencies and how structures and processes can be designed to deliver robust support and manage risk as the relationship develops.

>> Using “Model C” or “Model B” relationships, over limited time, to begin the relationship, before moving to “Model A”. Setting clear goals and expectations around milestones and assessment.

>> Multiplying staff time and attention through cohort-based incubator/accelerator programs that engage in structured, group learning and planning. Here, common business models/field focus may be essential.

>> Supporting leadership development and organizational building skills for social entrepreneurs. Providing a mix of direct advisory/technical support and (re)granted financial resources.

>> Engaging in “lead start-up”, iterative, processes to test services, revenue, and operating assumptions, while remaining nimble and responsive to inputs.
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Generous support for the development and work of Social Impact Commons has been provided by:

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