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Key Points

- Increasingly, foundations recognize the importance of designing adaptive strategies that can respond to complex environments and problems. Recent articles have cautioned against practices common in strategic philanthropy that hinder the ability of foundations and grantees to account for changing contexts and adapt their strategies accordingly.

- But understanding the importance of and barriers to adaptive strategy is not sufficient. Foundations now need processes and tools to create and implement adaptive strategies while also addressing the core dilemmas such strategies create: managing accountability in the context of adaptation, adapting at the right level, and responding to changes in context without creating too much instability for grantees.

- Using a case study from the Colorado Health Foundation's advocacy funding strategy to increase health care coverage, this article presents a set of tools to help foundations design adaptive strategies and ideas for balancing accountability for achieving goals with adaptability throughout the course of an initiative.

Introduction

Foundation staff who pay attention to leading-edge discussions of philanthropic strategy must be well versed by now in the conceptual argument for acting more adaptively. Several thought leaders have made a convincing case that some of the hallmarks of strategic philanthropy – including foundation-centric theories of change

and a rigid set of metrics to measure progress along a predetermined path to success – have, in practice, limited the ability of many foundations and nonprofits to adapt smartly and deal with complexity (Devilla, 2011; Kania, Kramer, & Russell, 2014; O'Donovan & Flower, 2013; Patrizi & Thompson, 2011; Patrizi, Thompson, Coffman, & Beer, 2013). Instead, they argue, the unpredictable and sometimes invisible dynamics behind complex problems create a level of uncertainty that requires ongoing learning while doing.

Some call this approach "adaptive strategy" (Devilla, 2011). Others, borrowing a term from management scholar Henry Mintzberg, call it "emergent strategy" (Kania, et al., 2014). It presumes that in general, organizations are not able to predict and plan what will happen over a long time horizon and then stay true to the plan. Rather, organizations must test approaches, examine how those approaches unfold in real life as they interact with the efforts of others, note what unexpected conditions emerge, and adapt accordingly. Importantly, strategy cannot be thought of as just the plan or conceptualization of what the foundation will do (e.g., a theory of change developed at the outset of a funding initiative); it must also be thought of as what the foundation actually does, and how it adapts to what is happening on the ground. In other words, we don't just design a strategy, we do a strategy. As Patton and Patrizi (2010) note, "organizations are strongest when they employ cycles of

venturing, learning, and visioning as part and parcel of how strategy is approached" (p. 19).

Understanding Adaptive Approaches

The argument that complex work calls for an adaptive strategy may resonate with foundation staff who know from experience how often things fail to go according to plan, or how things go according to plan but fail to produce the expected results. Publications on adaptive strategy have given the field clear principles and ideas for how foundations must change their mindsets and practice grantmaking differently. For example, Patrizi, et al. (2013), provide an excellent guide to "mindset flags" foundations must watch in order to avoid common strategy traps, as well as a set of strategy questions to support learning and adaptation. Kania, et al. (2014), call for strategy frameworks and models that account for complexity, governance structures that allow staff to make more decisions about how to deploy resources to meet unexpected opportunities and challenges, and leadership that supports collaborative inquiry and problem solving. However, the idea of adaptive strategy still presents concrete logistical and operational challenges for which there is little clear advice and few specific examples. Foundations doing this work need to operationalize "adaptation" in their organizational processes of strategy development, implementation, and evaluation.

The temptation may be to abandon what are seen by many as the bureaucratic practices of strategic philanthropy that seem to drive its rigidity and provide a false sense of certainty. However, these practices were developed in response to legitimate concerns about the lack of discipline, accountability, and rigorous thinking in the field, which resulted in limited effectiveness of philanthropic and nonprofit work. As Patrizi and Thompson (2011) argue:

> The emphasis on upfront planning is understand-able for two reasons. First, some of the "determin-ism" in foundation planning may be a reaction to a past in which some foundations made grants with little regard to the likely effectiveness of either their strategies or the work of their grantees. In this light,

hyperrational planning behavior can be viewed as a reasonable reaction to past practices that could be called highly irrational. The relative ease with which foundations can squander resources is a serious problem, and many foundations have emphasized planning and metrics to prevent it" (p. 54).

Organizations must test approaches, examine how those approaches unfold in real life as they interact with the efforts of others, note what unexpected conditions emerge, and adapt accordingly. Importantly, strategy cannot be thought of as just the plan or conceptualization of what the foundation will do (e.g., a theory of change developed at the outset of a funding initiative); it must also be thought of as what the foundation actually does, and how it adapts to what is happening on the ground.

This leads to significant questions about how philanthropy can engage in disciplined, accountable strategy development and implementation while simultaneously supporting adaptation and responsiveness:

- How can foundations operationalize adaptive strategy in the day-to-day work of grantmaking – from strategy design and proposal develop-

Advocacy and policy-change efforts are particularly well suited for early experimentation with adaptive strategy, as staff and boards can easily recognize the complex characteristics and unexpected twists and turns of the political arena and may therefore be more willing to test a less rigid approach.

ment to grant monitoring and evaluation – while still addressing the very real problem of ineffective interventions and wasted resources that strategic philanthropy intends to address?

- What processes and products can aid in the development of a funding approach that allows for flexibility while still providing enough rigor to support accountability?
- How can evaluation and learning be designed so that they inform smart adaptation by the foundation, grantees, and other partners while also keeping everyone on track toward the desired outcomes?
- How must program officers' jobs and work-loads be redesigned so they can interact sufficiently with grantees and other actors for the duration of strategy implementation to know what is emerging and how they might adapt?

The remainder of this article explores these questions through a case study of one foundation's experiment with developing an adaptive funding strategy. The case illustrates how foundations can use scenario planning, participatory field mapping, and pre-mortems in the strategy-design process to help guard against the false sense of certainty and static strategies traditional foundation processes often

create. It also shows how a foundation can structure its grantmaking to balance the need for flexibility with the need for longer-term, consistent commitment. Finally, it highlights how to embed ongoing learning into a strategy to support smart, disciplined adaptation throughout implementation without creating whiplash for grantees and program staff who can feel unmoored by shifting direction too frequently.

The case study describes the early stages of strategy development and implementation for an advocacy and public-policy-change portfolio. Advocacy and policy-change efforts are particularly well suited for early experimentation with adaptive strategy, as staff and boards can easily recognize the complex characteristics and unexpected twists and turns of the political arena and may therefore be more willing to test a less rigid approach. These tools and approaches to strategy development and adaptation could, however, be applied to any type of social change effort.

Case Study: The Colorado Health Foundation

As the Colorado Health Foundation began a strategic planning process in 2013 to refresh its goals and grantmaking approach, its leadership decided to maintain a longstanding commitment to improving health care coverage. This included support for a portfolio of advocacy grants aimed at creating the policy conditions for increasing rates of coverage and reducing rates of underinsurance. In the context of health-reform implementation and a state with a political environment in transition, the staff in the foundation's Coverage Program area realized there was too much uncertainty to develop a multiyear strategy with a conventional theory of change and fixed benchmarks. Instead, they would need an adaptive strategy to support advocates working to influence coverage-related policymaking, regardless of the political context. (See Figure 1.)

An adaptive funding strategy must balance several seemingly conflicting needs and organizational habits. Because of the contextual realities in

FIGURE 1 The Context and Background Behind the Need for an Adaptive Funding Strategy

In 2013, the Colorado Health Foundation (the Foundation), began its transition from a public charity to a private foundation with a strategic planning process that included setting fresh goals and re-thinking its grantmaking approach. One of the Foundation's organizational goals was for all Coloradans to have stable, affordable, and adequate coverage.

To create the public policy conditions necessary to reach and sustain these targets, the Foundation created a Health Coverage Policy Advocacy Portfolio of nonprofit health advocacy organizations that are well-positioned to advocate for policies focused on:

- Ensuring effective implementation of the ACA.
- Guaranteeing systems are in place to support consumers in choosing, using, & maintaining adequate coverage.
- Supporting payment & delivery reform to contains cost so coverage is affordable without compromising quality.

Program staff responsible for the Health Coverage Policy Advocacy Portfolio recognized the specific policies advocates choose to pursue depend largely on political windows of opportunity. Continued progress depends on:

- Sustained public & political will
- An effective exchange
- Adequate provider networks
- Payment reforms to control costs

Because Colorado is a swing state, it is difficult to predict the level of state government support for implementing the Affordable Care Act from election cycle to election cycle. Consequently, *long term progress on any of the potential policy solutions requires a field of advocates who have the capacity and resources to adapt to the shifting political environment.*

Colorado, foundation program staff wanted to develop a funding approach that would support adaptation and leave space to respond to unanticipated crises, opportunities, and shifts in control in the political arena. However, the foundation had a long history of setting clear, time-bound performance benchmarks for individual grantees and grant portfolios as the primary accountability mechanism for the board and leadership. Any new funding strategy would need to offer flexibility while still paying rigorous attention to targets.

Foundation staff also wanted to ensure that the strategy of both the foundation and its

grantees could adapt. Grantees would need to be able to shift their own activities, tactics, and goals in response to the political environment. Similarly, the foundation would need to be able to redeploy resources to meet new challenges and opportunities. At the same time, program staff worried that too much adaptation could create instability for grantees, shortchanging advocacy efforts that require long-term attention and diligence. It was also important to program staff to build in processes and habits of evaluation and learning to inform their work, the work of grantees, and the work of others advocating for the same goals.

FIGURE 2 The Dilemmas of Adaptive Funding Strategies

- How can we develop a strategy that is realistic about the uncertainties of complex work while still holding ourselves accountable for making progress on our goals?

- How do we build adaptability into our strategies at the grantee level and the foundation portfolio level?

- How can we respond to changes in context without creating too much instability for grantees?

- How do we gather the information needed to know when and how to adapt?

To address these dilemmas, the foundation engaged Spark Policy Institute, a Denver-based policy organization that partners with foundations, nonprofits, communities, and policymakers to develop research-based, innovative solutions to society's complex problems. (See Figure 2.) Spark, in partnership with consultants Tanya Beer and Pilar Stella, worked with the foundation to develop a three-year funding strategy including coaching on how the staff, leadership, and board could prepare for the shift in mindset and practices required by the organization's transition to an adaptive strategy. Spark developed a participatory planning process to help the foundation balance the need for flexibility and stability while maintaining a rigorous commitment to outcomes. The planning process also included explicit attention to how the foundation and grantees learn and adapt together. The tools and processes used in the engagement are described below, as are the foundation's specific findings and strategy-design decisions to illustrate the insights and output of the process.

Tools for Designing Adaptive Strategies

Creating a strategy that can adapt while responding to the dilemmas described above requires a design process that helps staff and grantees think about the future through the lens of complexity and uncertainty. Complexity principles hold that while strategists cannot know the specific future that will unfold, if they can explore several possible futures and imagine the implications for their work, they can sensitize themselves to the signals indicating which scenarios are unfolding and "rehearse" potential pathways forward.

Three forward-thinking tools (see Figure 3) helped the foundation explore the current and future context of the strategy and make decisions about their grantmaking approach:

1. participatory mapping of existing and planned advocacy-funding strategies across Colorado funders to understand the types of advocacy strategies that are being supported and those lacking support;

2. scenario planning, which was designed to explicitly recognize that health-reform implementation could play out in many different ways in the policy environment; and

3. pre-mortem analysis of the preliminary strategy design, which helped build insight on how the strategy itself could implement over the coming four years.

All three processes were participatory. The first two included other funders and advocates representing many perspectives in Colorado. The last included a cross-functional internal team of grantmaking, policy, communications, and evaluation staff. Participatory design processes take time and resources, require openness to adjusting the strategy design in response to outside perspectives, and open the door to criticism if these perspectives are not fully taken into account. However, gathering multiple – and often conflicting – perspectives can help strategists
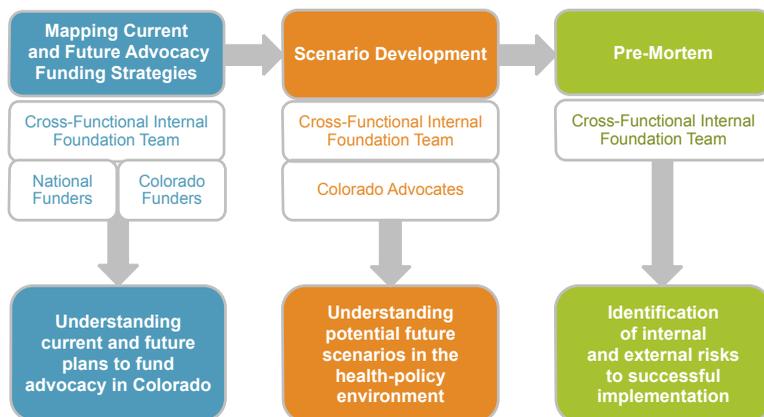
more fully understand current dynamics and what may happen in the future.

Participatory Mapping of Existing/Planned Advocacy Funding

The foundation began by working with other Colorado health-advocacy funders to build a shared understanding of the types of advocacy activities each funder actively supports, the types each rarely supports, and what is off the table. This allowed for a clear understanding of the current funding landscape for health advocacy. After interviewing each funder, Spark created a matrix outlining each foundation's planned advocacy-funding strategies, including:

- funding priorities,
- approach to selecting grantees,
- overall structure of funding (general operating, time frame, rapid turnaround, in/out of bounds),
- definition of consumer advocacy and the degree to which it is prioritized, and
- evaluation strategies.

The matrix highlighted the number of funders using general operating grants for advocacy funding, the mix of responsive and initiative-based funding, rapid-response grant options, and the lack of funding support for lobbying, ballot initiatives, and other large campaign work to engage the general public. It also highlighted the

foundations' differing definitions of consumer advocates, from advocates being the "people who are impacted in obvious and nonobvious ways" to advocates who engage grass-tops members who represent the consumer interest.

Spark shared the matrix with participating funders and together they used an adapted version of the Center for Evaluation Innovation's "Policy and Advocacy Matrix" to map the collective focus of their funding. (See Figure 4.) Participants identified the advocacy strategies they do fund (represented by **bold numbers**, which reflect the number of foundations funding in each area), as well as the types of advocacy strategies that are out of bounds or not a priority for their foundation (indicated by *italic numbers*). The map was then used to start a conversation about the strategic and tactical capacities of health advocates, and their subsequent readiness to tackle different kinds of challenges that may emerge as the environment shifts.

Not surprisingly, the advocacy strategies most likely to be out of bounds for funders were lobbying and litigation. In general, strategies were weighted toward decision-makers and not toward the public. This conversation raised many questions among funders, including whether or not the imbalance in where funding was directed was a concern and, if so, what it would require to rebalance.

FIGURE 4 Funder's Investments in Different Types of Advocacy Strategies

Advocacy & Policy Framework

KEY: The numbers represent how many funders (out of the 5 at the meeting) provide **funding** or *[don't fund]* each activity.

LEVELS OF ENGAGEMENT

ACTION

Community Mobilization
3 *[1]*

Voter Mobilization
1 *[1]*

Community Organizing
3 *[0]*

Coalition Building
4 *[0]*

Lobbying
2 *[4]*

Litigation
1 *[3]*

Implementation Advocacy
4 *[0]*

Model Legislation
0 *[0]*

Regulatory Feedback
4 *[0]*

WILL

Public Will Campaigns
2 *[1]*

Media Advocacy
1 *[2]*

Champion Development
3 *[0]*

Political Will Campaigns
2 *[1]*

Leadership Development
4 *[1]*

Public Forums
3 *[0]*

AWARENESS

Voter Outreach
1 *[3]*

Public Awareness Campaigns
2 *[0]*

Public Education
2 *[0]*

Influencer Education
3 *[0]*

Demonstration Programs
0 *[0]*

Policy Analysis/Research
4 *[1]*

Policymaker Education
4 *[0]*

PUBLIC   **INFLUENCERS**   **DECISION-MAKERS**

AUDIENCES

Adapted by Spark Policy from the Advocacy and Policy Framework created by the Center for Evaluation Innovation

The dialogue helped the foundation consider how its strategy could support the field, given where other dollars were going and the degree to which existing funding flows were flexible or restricted. It also helped the foundation think about how to partner with other funders during the implementation of the strategy, including using the advocacy and policy matrix to share the advocacy strategies of the grantees funded under the new initiative.

Many foundation strategy-design processes include some form of mapping of current and potential partners and funding flows. Just as it has value in more traditional strategy designs, it is an important part of understanding the context in an adaptive-strategy design, including the extent to which resources are already available to facilitate adaptation at the grantee level.

Scenario Planning

Effective advocacy strategy balances advancing specific policy goals that are a priority now with building readiness to sense and respond to a shifting political context, including adopting and advancing new policy targets as the situation requires. To achieve these simultaneously, the foundation engaged in scenario planning to identify the policy priorities and advocacy strategies most important in the current context, explore what priorities might be important in future scenarios, and identify how advocates and the foundation might need to adapt in the face of different scenarios.

FIGURE 5 Results of the Scenario Mapping Process

	Epic Failure	Tried, but Missed the Target	Health Care Transformed
Blue State	**UNLIKELY** Epic failure would drive a purple or red state	**WE CAN FIX IT, YES WE CAN!** Medicaid and Accountable Care Collaborative model remain largely the same. Many attempts to tweak health reform are made, including expanding scopes of practice, regulating network adequacy, addressing churn, and workforce incentives. Active conversation to figure out cost containment strategies.	**HEALTH CARE FOR ALL!** There is political will to cover those left out of health reform (e.g., undocumented Coloradans), particularly when data shows the cost benefit to everyone else. Other fixes are possible too, including moving toward a consumer-driven system. Public will for continued health care system changes is positive.
Purple State	**THINK BIG OR GO HOME** There is political protection from a complete rollback of coverage and expansions, but advocates will need to fundamentally change their reform strategies if they are going to have any credibility.	**WE CAN FIX IT, SO WE HOPE!** Challenges to implementation continue to limit the impact of health reform. Tweaks to current health reform laws face an uphill battle – some pass, some don't, but overall it's not successful. However, the push for cost containment is bipartisan and an active conversation is underway to figure it out.	**HEALTH CARE FOR EVERYONE WHO HAS IT!** There is political will to continue to tweak the system, but most likely not to cover undocumented Coloradans. Other fixes possible too, including moving toward a consumer-driven system. Public will for continued health care system changes is positive.
Red State	**REVERSE COURSE!** The driving need for change leads to massive roll-backs of reforms controlled at a state or local level, including the Medicaid expansion. Focus shifts to privatizing Medicaid, protecting plan and provider interests, identifying market-based reforms, cost containment, and personal responsibility. Business sector demands that new solutions are found.	**LINGERING DEMISE OF HEALTH REFORM** With health reform increasingly seen as unsuccessful, no effort is put into fixing current policies and instead step-by-step rollbacks remove less popular elements of health reform, replacing them with policies that privatize Medicaid, protect plan and provider interests, use market-based models, and focus on cost containment and personal responsibility.	**UNLIKELY** Health care transformed would drive a blue or purple state

Epic Failure
A significant failure of both the public and private markets, where innovations fail to implement fully, providers are burned out and exiting the state, the marketplace is unpredictable and the public is angry and disillusioned about health reform.

Tried, but Missed the Target
Most reforms manage to implement fully in both public and private sectors, but they don't significantly change cost, population health, or patient satisfaction. Ongoing arguments about the problem and solutions. High level of uncertainty in policy environment and an apathetic public.

Health Care Transformed
Most reforms implement fully in both public and private sectors, greatly decreasing cost, improving population health and improving patient satisfaction. Workforce is adequate and even growing. Overall the health care system is meeting the needs of those who have coverage.

Scenario planning is a process for building flexibility into strategy by surfacing several possible futures and then exploring how strategic decisions might play out under different conditions. Rather than planning for a single predicted future, scenario planning identifies major drivers of the environment, envisions how variation across those drivers will influence the future, and gives planners the opportunity to think about how to prepare for a variety of eventualities (Stout, 1998). It is a collaborative method designed to leverage collective knowledge, allowing for the incorporation of a variety of perspectives, challenging conventional wisdom, and allowing for multiple futures to stand side by side. Scenario planning also allows for an exploration of which drivers are most likely to define the future environment (Roxburgh, 2009).

Scenario planning begins with identification of social, technological, economic, political, or environmental drivers that shape the conditions under which a team will be working toward its desired goal. The team then assesses which drivers are outside their sphere of control, which are relatively well understood, and which are loaded with uncertainties (Mason, 2014). A range of possible futures is created by combining different drivers into unique scenarios (e.g., grouping the most negative drivers and the most positive drivers to create two extreme cases that represent futures where the conditions are as unfavorable or as favorable as possible). Another approach is to select the two most important drivers – say, the economy and technological innovation, identify a set of possible "states" for each driver (e.g., an economic crash, a stagnant economy, a slowly growing economy, and a booming economy;

From the scenario-mapping process, the foundation identified four policy priorities that will be relevant in any of the scenarios and one that is particularly relevant in the scenario that advocates reported was unfolding at the time (named "We can fix it; yes, we can").

no technological improvements, incremental technological improvement, and a significant technological breakthrough), and crossing them to create a matrix of scenarios (e.g., one future characterized by a stagnant economy and no technological innovation, another future that includes a booming economy and a significant technological breakthrough) (Schoemaker, 1995).

Scenario planning was critical to the foundation's strategy-design process because the health-policy terrain can shift rapidly in response to a variety of factors, including the composition of the legislature and executive branch, the success of current reform efforts, the federal policy context, public attitudes, and the urgency of competing issues. These conditions affect which policy goals are viable, which advocates have credibility and influence, and which tactics may be most effective for advancing a policy. A traditional theory of change and strategy plan might not account for this variability or for how it might affect which goals are achievable and which strategies will be most effective.

The foundation engaged more than 40 leading advocates across the state in scenario planning, including health care providers, community organizers, local health alliance leaders, rural health advocates, legislative and regulatory advocates, and consumer advocates. During a mix of small-group and large-group conversations, the participants prioritized two primary drivers that will shape Colorado's health-policy landscape in the years to come: the political composition of state government, and progress toward implementation of health care reform and the possible outcomes this produces. (See Figure 5.) For each of the possible scenarios, participants explored questions such as:

- What types of policy priorities will be most urgent and appropriate for protecting or advancing the quality, affordability, and availability of coverage? When will defensive actions be a priority and when will substantial new reforms be possible?
- Who will have a credible voice under different scenarios, and how can those advocates frame the issue in ways that will resonate with policy-makers?
- Which advocacy strategies will be needed as the composition of the Colorado state government changes or undergoes different health-reform outcomes?
- Which advocacy strategies and skills will be needed and what policies will remain viable priorities regardless of what the future holds? In other words, what will remain stable even as the environment shifts?

From the scenario-mapping process, the foundation identified four policy priorities that will be relevant in any of the scenarios and one that is particularly relevant in the scenario that advocates reported was unfolding at the time (named "We can fix it; yes, we can"). Two of the priorities relevant in any setting were identified as potential drivers of failure, if they were not addressed during the implementation of health reform:

- Advocates noted that a failure of the actors in the health care system to converge around a core set of payment and delivery reforms would result in a system burdened with conflicting innovations, overwhelming the providers and confusing consumers. As a result, advocates set a policy priority of converging on payment- and delivery-reform models and an advocacy

strategy of evaluating innovations to identify the best options.

- Advocates discussed the challenges of a public that doesn't understand the reforms or how to use coverage in a way that is cost effective and improves health. This led to conversations about the need to engage the public in advocacy strategies and to identify ways to build health-literacy support into public policy, rather than leaving it to foundations and nonprofits to address.

By focusing on policy priorities that advocates said would be relevant no matter which future unfolds, the foundation can build a stable core strategy: no matter what, the advocates and the foundation know they are working toward these goals. Likewise, the advocacy strategies that advocates identified as needed under any scenario and in the current scenario were also prioritized by the foundation in its funding strategy. Many of these strategies were also those least likely to be supported by other funders, per the participatory mapping described earlier. These include public-will building, expanded engagement of consumer voice, and capturing the "real stories" of consumers.

Even though the foundation's core strategy design focuses on policy priorities and strategies that will be meaningful in any scenario, the scenario-planning process has also sensitized advocates and funders to the strategies that might be needed depending on which specific scenario comes to pass. Rather than resulting in a single chain of outcomes and strategies like many planning processes do, the scenario-planning process helped the foundation and its partners set provisional priorities and strategies that fit the current context and the most likely future, while still charting out potential shifts they may have to make depending on what the future brings.

Pre-mortem

The final prospective and participatory strategy in the foundation's design process was a "pre-mortem" on the preliminary strategy design. The intent of a pre-mortem is to identify

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internal and external risks of failure and build ways of mitigating these risks into the strategy design. After the strategy was fully drafted, the foundation's internal cross-functional team participated in a facilitated pre-mortem dialogue. Asked to imagine that four years had passed and that the strategy failed spectacularly and in every possible way, the team brainstormed what the failure looked like and why it had occurred.

While the group identified many risks externally, when it began developing strategies to respond the internal risks stood out as needing specific plans to address. They included:

- the long attention span needed to support a four-year strategy, particularly a strategy that was outside the norm for the foundation;
- potential disconnect between the evaluation focus, the desire for more metrics, and account-

FIGURE 6 How the Learning Cycle Progresses and How the Learning Is Used
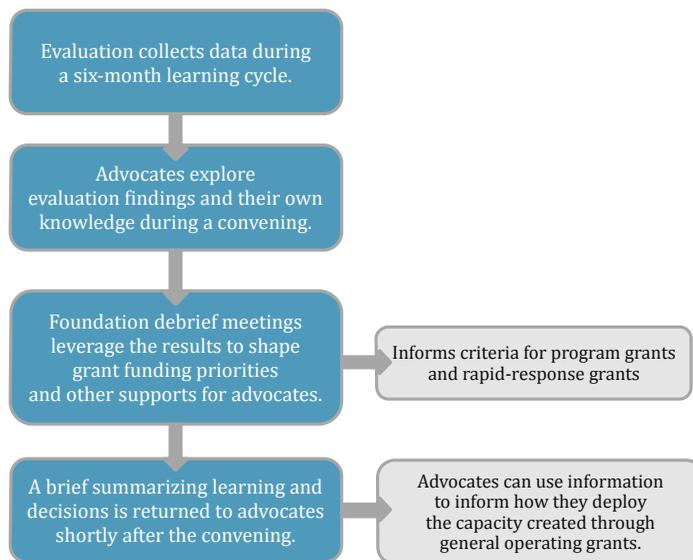
ability for success;
- challenges associated with balancing the values of consistency and adaptation; and
- the risk of lacking support and engagement from advocates.

The design of the major activities within the funding strategy had to account for these risks. As a result, Spark and the foundation planned how learning will occur throughout the strategy to support smart adaptation, how to engage the board and senior leadership in an "adaptive mindset," what types of communications will be needed internally and externally, strategies for managing turnover of key staff that might destabilize the approach, continuing the use of the cross-functional meetings, and proactively thinking through constraints and bottlenecks in the process before and as they surface. Importantly, these aspects of the work are not viewed as separate or supplemental activities that support the strategy. Instead, as Patton and Patrizi (2010) advise, they are considered part and parcel of the strategy and indispensable to its success.

Tools for Implementing Adaptive Strategies
The final strategy design included a mix of

funding approaches to maximize flexibility at the foundation and advocate level while still providing sufficient stability and consistency to make progress on issue that may require a long commitment. It also included learning tools to collectively keep an eye on the external environment, and tools to ensure that the learning would be used to shape the ongoing strategy.

Funding Approaches to Support Flexibility
To maximize responsiveness to emerging needs and expand the number and types of advocates working together on the policy priorities, the design of the funding strategy includes three types of grants:

- Two rounds of two-year, renewable, general operating grants for consumer advocacy organizations; general operating grants were selected to create flexibility for advocates. The two-year cycle will leave flexibility for the foundation to bring new advocates into the strategy if needs shift.
- Four rounds of one-year program grants to support specific advocacy strategies identified as critical given the unfolding scenario. The priorities for these grants change yearly, depending

on the scenario unfolding and the advocacy strategies that advocates identify as critical.

- Ongoing rapid-response grants, designed to allow for quick action when unexpected needs arise or opportunities emerge to advance policy targets.

Without a granting structure that allows for adaptation at both a foundation and grantee level, the learning tools described below would not influence the strategy in a meaningful way. The combination of general operating (grantee flexibility) and program and rapid-response grants with priorities set yearly or more often (foundation flexibility) prepared the strategy to be responsive to the learning along the way.

Learning Tools

An adaptive strategy depends on having quality data and information to inform adaptation. The foundation's grantmaking strategy includes three primary mechanisms to bring in new information: a real-time learning evaluation, convenings with advocates and funders, and facilitated foundation dialogues with follow-up memos. (See Figure 6.)

- *Evaluation.* The strategy includes a developmental evaluation at the strategy level, looking across the work of not just grantees, but also of advocates working on health reform overall. It includes frequent feedback loops and adjustments to data collection and analysis depending on what is occurring. While the strategy includes predefined policy targets and an array of interim advocacy outcomes as part of the theory of change, the evaluation design allows for different interim outcomes to be selected for measurement at any time, depending on which strategies advocates are prioritizing. These outcomes and accompanying measurement strategies can change as often as twice a year. Yearly bellwether interviews help capture information about the policy environment, and interviews with leading advocates reveal how the advocacy field is responding to that environment. The evaluation team will customize other data-collection methods depending on the learning needs of the advocates and foundation during each six-month time frame.

The information gathered through the evaluation, convenings, and funder meetings is intended to directly inform the foundation's decisions and, potentially, those made by advocates.

- *Advocate and funder convenings.* The evaluation is supplemented by twice-annual learning convenings, designed to engage advocates and funders in a dialogue about the political environment and the status of health-reform implementation – the two major drivers from the scenario work. Advocates will identify which scenario is unfolding, the viability of different policy priorities in the evolving context, and implications for the types of advocacy strategies most critical to advancing the policy priorities. The foundation and other funders are invited to participate in the beginning of the meeting to map the environment, and then asked to leave so they do not overly influence the dialogue while advocates develop priorities for the upcoming six months. The convenings will be facilitated by the evaluation team, combining strategy discussions with data collection including using techniques to capture consistent data over the years on the unfolding policy priorities and scenarios.

- *Briefs and debriefs.* The information gathered through the evaluation, convenings, and funder meetings is intended to directly inform the foundation's decisions and, potentially, those made by advocates. To increase the likelihood that the information will lead to action, the strategy design includes:

  1. briefs and memos to document learning and share it with audiences who can use it,

  2. facilitation protocols to help the founda-

In a strategy-development phase, it is important for foundations to be clear-eyed about what program staff and leadership need to know and can know to make initial decisions and set a guiding framework for the strategy. This requires getting comfortable with a higher degree of ambiguity and unpredictability than is typical in foundation strategy planning.

tion use the information in internal decisions on grantmaking priorities and support to advocates, and

3. facilitation protocols for learning debriefs with the foundation, designed to guide more substantial check-and-adjust reflections roughly every 18 months.

After each convening, the evaluation and facilitation team will combine the evaluation learning from the previous six months with the convening results in a learning brief designed to give advocates and funders both insights and actionable information about the current environment. The team will also generate a strategy-implications memo for internal foundation use to share evaluation or convening results that are not appropriate for public distribution (e.g., results of grant reporting). The memo will also include implications for the next steps of the grantmaking, communications, policy, and evaluation teams. The brief and memo

form the basis of a facilitated meeting with the foundation after each convening. A facilitation protocol, developed as part of the strategy design, includes a systemic review of information that builds toward specific decisions the foundation will make in December and June of each year, including setting priorities for rapid-response and program grants and identifying actions that communications, policy, and evaluation teams can take. It can also trigger the need for additional rapid data collection and analysis by the evaluation team. Finally, every 18 months, a more thorough learning debrief will create an opportunity for the foundation to measure progress against the policy targets and interim outcomes, examine how adaptation is occurring, assess whether there is a healthy balance between stability and adaptation, and make major decisions such as setting policy priorities for the second round of general operating grants and the refresh of the strategy that will occur at the end of the four years.

All three of these ways to use the learning are timed to inform specific decision-making moments for the foundation, and create a way to share what it is learning with advocates and share why it made its decisions. These tools and processes provide the foundation with a systematic, ongoing, and disciplined way to make smart adaptations to its goals and priorities, strategies, and grantee portfolio.

Conclusion and Lessons Learned

The advocacy-strategy design directly addressed the four core dilemmas presented earlier between a more rigid approach to philanthropic strategy and a more adaptive one. Through our experimentation with these tools, we have developed a few propositions about how foundations have to think, plan, and implement differently to manage the dilemmas that adaptive strategies present.

1. How can we develop a strategy that is realistic about the uncertainties of complex work while still being accountable for making progress on our goals?

In a strategy-development phase, it is important for foundations to be clear-eyed about what program staff and leadership need to know and can know to make initial decisions and set a guiding framework for the strategy. This requires getting comfortable with a higher degree of ambiguity and unpredictability than is typical in foundation strategy planning. An initial planning process that explores a range of possible futures can help strategists identify provisional interim outcomes and ready themselves for the process of adaptation. In the case of the Colorado Health Foundation, we accomplished this through scenario planning at the outset, which led to a range – almost a menu – of outcomes that could be important in the coming years.

Systematic data collection and regular revisiting of the scenarios at the twice-annual convenings will, we hope, keep us all tacking toward our aspirational goals without locking us in too tightly to benchmarks that lose their relevance as state politics and other factors change. The uncertainties that plague complex work are not just potholes in the planning road that should be paved over by the reassuring boxes and arrows of a theory of change. Instead, they are dynamics to be explicitly identified when possible, carefully watched, and reconsidered with discipline and intention throughout the life of a strategy. This kind of revisiting and reorienting is not optional for complex work. It is this discipline – rather than achieving a small set of preset benchmarks – that is the hallmark of accountability in complex efforts. During strategy reviews, the advocates and the foundation staff and leadership should ask not only "are we hitting our early targets?" and "if not, why not?", but also, "do our targets need to change, and why?"

2. How do we build adaptability into our strategies at the right or multiple levels?

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in our experience, foundations often structure flexibility into their own decision-making via short-term, frequent grantmaking cycles and pots of reserved money for them to deploy for technical assistance, convenings, and other supports. The problem is that these short grantmaking cycles and foundation-directed resources tend to limit adaptation by grantees because they force grantees' attention on securing next year's resources and are often accompanied by specific programmatic restrictions. Likewise, evaluations focused on foundation-level strategy support foundation adaptation, but rarely seem to return actionable information to grantees to inform their decision-making.

Other foundations emphasize grantee-level adaptation by providing long-term general operating support that leaves grantees plenty of room to shift and adjust. However, many foundations that commit most or all of their money for long periods of time reserve little additional funding to deploy new strategies or bring new grantees on board in response to a new crisis or opportunity. Moreover, grantee-

Foundations can create stability amid adaptation by using a transparent and predictable process to make changes, and by involving grantees themselves in driving the change.

level evaluation and data rarely help foundations think about big-picture strategies or the overall composition of their grant portfolio.

It is our hypothesis that an adaptive strategy requires the resources, space, and information to support adaptation at both levels. This requires being aware of the moments where adaptation is possible and what kind information is needed to inform choices. For the Colorado Health Foundation, we designed mutually informing data collection and dialogues, along with funding structures that give flexibility at both levels. By giving grantees input into how the rapid-response funding is deployed, what kinds of policy priorities are viable, and how the grantee cohort needs to expand, the foundation aims to maintain alignment between changes in its strategy and the strategies of the grantees.

3. How can we respond to changes in context without creating too much instability for grantees?

    As the conversation about complexity and adaptation gains currency, the philanthropic sector is at risk of moving too far to the extreme loose end of the "rigid versus loose" planning spectrum. If funder-level strategy adjustments are too frequent or too extreme, grantees can experience whiplash and destabilization.

    The Colorado Health Foundation has built its strategy to achieve a middle ground. There

are three different funding pools or mechanisms, each with a different level of adaptability. The foundation is also providing other supports to advocates through foundation staff and intermediaries in response to learning at the convenings. Finally, the majority of the funding is disbursed through general operating support which, together with collective learning, provides grantees with the flexibility and resources to adapt or to hold the course as needed.

But perhaps most importantly, foundations can create stability amid adaptation by using a transparent and predictable process to make changes, and by involving grantees themselves in driving the change. In our case, the grantees themselves will have input in the larger strategy changes through the twice-annual convenings in partnership with the broader field of advocates. While it is unreasonable (and perhaps not even desirable) for a foundation to turn over all decisions about foundation-level strategy to grantees, making at least a portion of those decisions together will help ensure the grantees are not blindsided and destabilized by rapid changes.

4. How do we gather the information needed to know when and how to adapt?

    Between evaluation, convenings, and the ongoing relationships a foundation maintains with grantees, many different sources of data and intelligence can help both the foundation and grantees know when and how to adapt. Importantly, this information is not just about progress toward outcomes, but also about which scenario is unfolding and the readiness of the field of actors to meet new challenges. For the Colorado Health Foundation, this has meant setting predefined moments for both the advocates and the foundation to reflect on what has been learned, forecast how the landscape is changing, and make decisions about whether and how to adapt. These learning moments are timed to coincide with key decision moments. For the funder, focused learning precedes decisions about the next

short-term, long-term, and rapid-response funding cycle. For grantees, it both precedes and follows periods of intense advocacy activity, such as the legislative cycle.

While many foundation strategies include learning opportunities as strategy "add ons," an adaptive strategy must view and treat this kind of learning as an indispensable part of the plan. It will determine the way forward and thus requires sufficient investment to return quality, meaningful, timely data.

The tools presented in this article only scratch the surface of the work required to build philanthropy's capacity to operationalize adaptive strategy, but they provide some concrete options for foundations to incorporate into their existing processes. Perhaps as importantly, the experience of the Colorado Health Foundation illustrates an adaptive way forward for foundations that are interested in revamping their approach.

In designing this strategy, the Spark team and the program staff had the opportunity to test new approaches and took the risk of documenting a strategy in a way that was new for the foundation board, leading to a question of whether the board would be willing to support it. The team designing the strategy made several adaptations to its own design process along the way in response to the reactions of grantees, foundation leadership, and staff in other program areas. In the coming years, staff will be testing how well this approach helps them balance the core dilemmas embedded in adaptive work and evaluating the extent to which they and the grantees build adaptive capacity. Rather than planning a wholesale, foundationwide shift to a new process and protocol for strategy development and learning, they are learning by doing in the spirit of adaptation and emergence.

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