A COMPASS IN THE WOODS:

LEARNING THROUGH GRANTMAKING TO IMPROVE IMPACT

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Where Learning Turns into Results

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This report is dedicated to the memory of our friend and research partner, Bruce Boggs.

His vision, insight and passion continue to inspire us daily.

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INTRODUCTION

If you look at American foundations as a whole, we gave away something around $40 billion in 2008, which seems like a lot of money in aggregate, but when you compare it to the US government budget and the US GDP, it is really a pittance. If we claim to be a funder whose goal is to produce significant social change, we need to be very strategic. To do that, we need to learn and get better to have more impact.

-- Stephen Heintz, CEO, Rockefeller Brothers Fund

The field of philanthropy is under increasing pressure to produce – and be able to demonstrate – greater impact for its investments. A growing number of foundations are moving away from the traditional responsive banker model to becoming more thoughtful and engaged partners with their grantees in the business of producing outcomes. In the process, they are placing bigger bets on larger, more strategic programs and initiatives.

What the field is striving to do now is to ensure that this evolution is based on validated theory, not wishful thinking or shots in the dark. The larger the investment, the more skilled foundations must become at managing risk – making informed decisions, tracking progress, adjusting action and learning – throughout the life of a program, so that foreseeable and unforeseeable changes do not torpedo an otherwise worthy collective effort. The traditional grant-to-evaluation-to-adjustment cycle is very long. Because many traditional grantmaking practices are proving to be too slow to adapt, these foundations are striving to better integrate real-time evaluation and learning into their operations in order to become more adaptive; more innovative; more impactful.

We undertook this research project to inform how the tools and practices that support Emergent Learning (described in the next section) can best help foundations and their communities – grantees, intermediaries and other stakeholders – improve the way they learn in complex programs and initiatives.

With funding from the David and Lucile Packard Foundation, we conducted interviews with nine foundations of different size (annual grantmaking ranging from approximately $10 million to $250 million), scope and focus (place-based foundations to global change agents), to build greater understanding in three key areas:

■ How foundations and their communities articulate the thinking behind their strategies and how that thinking frames, and is adapted through, their learning;

■ What practices and tools foundations and their communities use to learn together through the grant cycle; and

■ Specific adaptations to Emergent Learning practice and tools that would enable foundations and their communities to integrate learning more deliberately into their work and correct course throughout implementation in order to increase their impact.

Foundations have big hearts, a big vision, and not enough time or money. They seek very big outcomes with what, by definition, is a small investment, with a whole network of well-intentioned, thoughtful and independent actors, often including other funding partners, in an evolving economic and political landscape littered with unpredictable obstacles.

In the face of all of that, foundations want to *learn* how to get better.

WHAT WE HEARD IN BRIEF

While each foundation in this study is different, a characteristic they all share is a commitment to make learning not just an aspiration, but a reality. All have years of experience in grantmaking. All are seriously committed to doing it in a more "learningful"[1] way. Within that narrow band, they are attacking the problem from different directions. Some have had more success than others. This research gave us the opportunity to hear, first hand, the stories of foundations traveling along the road, experiencing the excitement of exploring new pathways, the frustration of encountering big potholes along the way, and their early indications of success.

Among the foundations interviewed for this study:

■ All are striving to be more strategic in at least some of their grantmaking. In service of that end, all have made an investment in strengthening their ability to learn from grantmaking.

[1] We use this somewhat ungainly word to avoid widely held pre-conceptions that are attached to the term "Learning Organization."

■ They struggle to make theory visible in a way that creates shared commitment to outcomes and can serve as a compass for learning.

■ Learning through grantmaking suffers because, except for a few core grant relationships, attention often falls off after the grant decision is made.

■ Time is the number one constraint: there is always more to do than time to do it. Program officers are torn between attending to their grantees and attending to the business needs of the foundation.

■ Though pressure to demonstrate impact could drive evaluation to focus even more on external accountability, at least among these foundations, it is actually driving a shift in focus towards being in service of learning.

■ Most are experimenting with new models of evaluation that provide more real-time data to support learning and mitigate the risk involved in larger investments.

■ When it comes to improving impact, foundation staff report being overwhelmed by the amount of data and the many things they could learn from it. Some foundations have been able to make progress by focusing on a few critical "lines of inquiry."

■ Over-committed program staff often resist taking time "off mission" to reflect. Learning and evaluation staffs are trying to find the reflection "sweet spot" by experimenting with many different approaches to make the benefit equal to or greater than the time invested.

■ One common theme learning and evaluation staff have discovered is that if reflection does not relate to "what I have on my plate tomorrow," it will be seen as less valuable. Some foundations have found ways to create stronger links – building reflection into preparing for regularly scheduled board presentations, for example.

■ Learning from failures is difficult for several reasons: 1) the time it takes to reflect; 2) the negative attention it draws to grantees; 3) the complexity of sorting out what caused a program to "go south;" and 4)

discomfort about opening up in front of peers. Foundation leaders play a fundamental role in creating a culture that is either hesitant and careful or curious and open to learning from results.

- Foundations aspire to learn from and with their peers in the field and wish they could find better ways (and more time) to do it.

Our own core observation from our interviews is that, in general, foundations are over-investing in discrete learning activities and in learning from results after the fact; and under-investing in creating the links that would result in real learning and greater impact. We will make the case for this observation in the following report and offer ideas and recommendations for how foundations can bolster the quality of their learning through grantmaking.

Grantmakers for Effective Organizations (GEO) conducted a peer learning session in January 2009 hosted by the Packard Foundation on integrating learning into grantmaking practice. Foundations that participated in that session were invited to participate in the research project. Most of the foundations in this research study participated in that session. Three additional foundations were invited to participate.

For the research itself, we interviewed the CEO, at least one Program Officer and a member of the Evaluation or Learning Staff of each foundation. After all interviews were completed, we produced an individual assessment report for each foundation and conducted a follow-up interview, normally with the Evaluation or Learning Staff.

RESEARCH PARTICIPANTS

The following grantmaking organizations participated in this research:

- Barr Foundation

- Colorado Trust

- David and Lucile Packard Foundation

- Deaconess Foundation

- Lumina Foundation for Education

- Mary Reynolds Babcock Foundation

- Ontario Trillium Foundation

- Rockefeller Brothers Fund

- William Caspar Graustein Memorial Fund

THE EMERGENT LEARNING MODEL

Organizational Learning has been developing as a field since the 1970s.[2] The field gained popularity as a management practice with the publication of The Fifth Discipline by Peter Senge in 1990 and became focused as a professional discipline through the Organizational Learning Center (OLC) at Massachusetts Institute of Technology.

In 1997, the OLC left its MIT home and was transformed into the Society for Organizational Learning (SoL). Study author Marilyn Darling was invited to join SoL as a charter member. While the community had done much good work to develop more powerful tools to deepen insight into complex problems, she and her colleagues found that there continued to be a gap between powerful thinking and effective action.

Marilyn and her colleagues decided to concentrate their research and practice on learning in complex and dynamic environments and on the pragmatic process of how learning becomes embedded into existing work processes. They developed the sub-field of Emergent Learning, which refers to learning about, from, and within the work itself about how to improve future practice and impact.

Emergent Learning tools and practices are intended to help people work together to:

- Articulate thinking (theory of change, logic models, strategy), intended results, assumptions and hypotheses about how to achieve those results ("If we take action X, we expect to achieve result Y"), and metrics for recognizing successful results and outcomes

- Articulate the most important learning questions and compare experiences with peers as a source of robust thinking

- Pay attention during implementation and gather data on what happened

- Reflect on results and refine hypotheses and action plans

- Do this over and over again until a level of mastery is achieved

The primary Emergent Learning tool used in philanthropy is the EL Map,™ which creates a forum and structure for learning among peers within or across foundations, or in communities of grantees, by comparing experiences, drawing insights, forming new hypotheses and finding opportunities to apply them in each participant's own upcoming work.

To support learning through grantmaking, some foundations have adopted Before Action Reviews and After Action Reviews to turn action into a learning experiment and collect data as they implement.

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2 Argyris and Schon, Organizational Learning: A theory of action perspective, Reading, MA: Addison-Wesley, 1978.

EL Map is a trademark of Signet Research & Consulting, LLC.

In addition to its connection to the field of Organizational Learning, Emergent Learning is also informed by the pragmatic end of complexity theory – how complex systems adapt. A follow on to this report, "Learning in a Networked World," will explore the learning implications to grantmaking organizations if they view themselves as one "node" within a network of independent, yet interdependent actors trying to achieve a goal within a complex and dynamic environment.

Marilyn's prior research and practice have focused on work habits and practices that impede or promote learning, including leadership, decision-making, approaches to "best practices," peer learning, and knowledge management. She and her colleagues have conducted in-depth research into After Action Reviews and the practices that surround them to promote stronger leadership for learning.[3]

3 Darling, Parry, "Growing Knowledge Together: Using Emergent Learning and EL Maps for Better Results," Reflections: The SoL Journal, 2007. Darling, Parry, Moore, "Learning in the Thick of It," Harvard Business Review, July-August 2005. Darling, Meador, Patterson, "Cultivating a Learning Economy," Reflections: The SoL Journal, 2003. "From Post-Mortem to Living Practice: An in-depth study of the evolution of the After Action Review," 2000, Signet Research & Consulting.

THE GRANTMAKING LEARNING CYCLE

I believe we're in the work of social justice. That means that there are not easy fixes. It's a long-term struggle. You have to be committed to systemic thinking, analysis and long-term outcomes. If you don't have learning as part of the short term, you're walking in the woods without a compass.
-- Pat Brandes, The Barr Foundation

WHAT DOES A "LEARNING ORGANIZATION" LOOK LIKE?

The first indicator we look for to recognize a philanthropic "learning organization" is curiosity and humility. People in these organizations talk a lot (out loud) about their thinking. They are honest about acknowledging and learning from disappointing results; conscious about testing out theories of change; committed to stepping out of the weeds regularly to see the bigger picture. Leaders make learning a priority. They maintain a clear focus and seek deep alignment. They create an open, trusting environment where dialogue is encouraged.

Being more strategic and demonstrating impact is on everyone's mind. Most foundations are making some sort of concerted effort to "close the loop" – to demonstrate impact. The huge challenge is to prove attribution between a foundation's inputs and long-term improvement in a social problem[4] – especially for foundations working across geographies or aiming to collaborate with many players to impact social policy. Yet

the dilemma remains that a foundation must make choices about where to place its bets to impact large, intractable social problems. The foundations who participated in this study have all embraced learning as a crucial component of stewarding these large investments.

When it comes to being a "learning organization," however, foundation leaders sometimes let their words precede their actions. We heard many variations on this theme:

> *When someone says, 'we should learn,' everybody nods. The problem is that it's not specific. The intention to learn, by itself, is not that helpful.*

> *People talk about learning all the time. We all know that we are doing it. But we need to find ways to make it more concrete and really infuse it in our daily work.*

In the face of too many priorities, knowing the words to say but not knowing how to apply the ideas can unintentionally send the wrong message. So what does it look like to "infuse learning into our daily work?"

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4 Many have decided that it is not actually possible to demonstrate attribution. Grantmakers for Effective Organizations (GEO), for example, chooses instead to talk about contribution to long-term outcomes. "Evaluation in Philanthropy: Perspectives from the Field," 2009, Grantmakers for Effective Organizations and the Council of Foundations.

THE DEACONESS FOUNDATION'S LEARNING CULTURE

Small, focused foundations *do* have an advantage when it comes to creating a learning culture. Jane Donahue, Deaconess Foundation VP, describes their culture:

> *We are a place that is committed to mission. In order to stay committed to mission, we've had to evolve and change over our history. Learning to change and being focused on mission is part of our culture here. It is in our blood and history to learn about if and how we are serving our mission and to not be wed to any one strategy for too long.*

> *Having a small staff helps. We make time to meet and reflect on work we are doing. We know what we are trying to achieve. We have clear objectives and are able to reflect frequently enough. The culture is there to ask questions. Is what we are doing right? Having the tools to look at what we are doing and having the time to reflect and a culture where nothing is a sacred cow. All of these contribute to helping us be a learning organization.*

Consistent with its adaptive attitude, the staff at Deaconess sees action as a constant opportunity to experiment. As VP Elizabeth George describes it:

> *I'm not afraid to tell our team if I made a mistake. We are not afraid to tell the board something is not working. If you do not make mistakes, you are not going to realize what*

works and what doesn't. The exploration is critical in itself.

Rev. Jerry Paul, Deaconess' CEO, believes that "when all is said and done...when the executive and the board go away...it is the culture that will provide continuity from age to age." How does that culture get created? His answer:

> *It doesn't happen accidentally. There must be a conviction and a commitment to shaping a positive culture right from the beginning.*

> *First, I believe it takes a sense of humility about who we are and what we are capable of. The truth is that we are just the money. We can't exist in a meaningful way without the people we serve.*

> *Second, it takes understanding who you are personally. We need to recognize our skills, but recognize their limitations and how those skills are enhanced by the presence of others. If we can give up our egos just a bit, so that we give space to the creativity of those around us, it creates a positive culture. People know they can experiment and fail and succeed, and when they succeed, they know they will be recognized. The culture is one of the chief things that the CEO has to pay attention to.*

THE GRANTMAKING LEARNING CYCLE

All foundations engage in these activities in some form or another:

- **Plan** – defining intended outcomes and articulating what actions and resources they think it will take to achieve those outcomes, and why;

- **Act** – various combinations of grantmaking and complementary non-grant activities, such as grantee meetings, capacity-building, technical assistance or advocacy;

- **Gather Data** – gathering evidence related to actual results compared to intended results, successful practices and innovations; and

- **Reflect** – making meaning of evidence concerning strategy and program effectiveness and adjusting strategy, planning and/or implementation based on that meaning.

The Grantmaking Learning Cycle
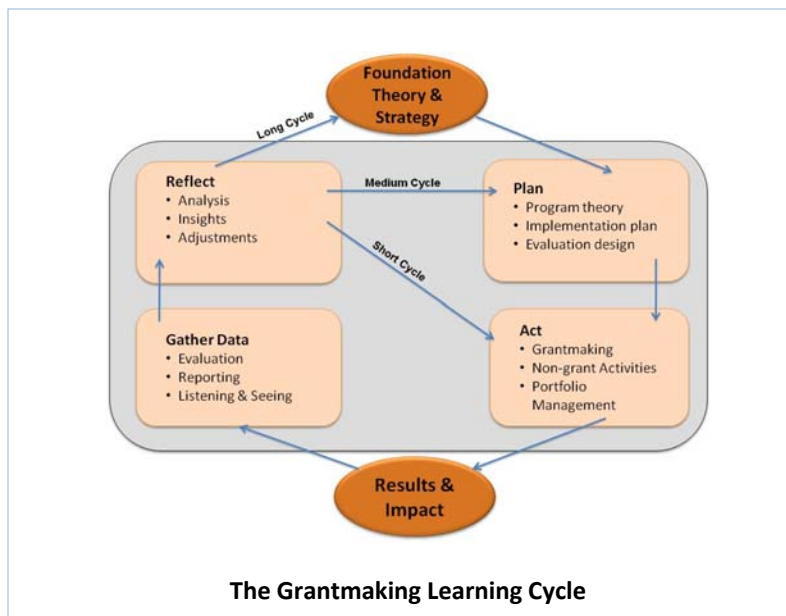
A grantmaking cycle that is infused with learning has certain characteristics that go beyond conventional practice. The following sections describe what that looks like, what we heard, implications and examples of the good practices in the foundations we interviewed.

A. PLANNING: MAKING THINKING VISIBLE

Most foundations engage in some form of strategic, annual and program planning. Almost every foundation we interviewed is in the process of re-thinking their strategy in the face of new economic realities. This is providing a welcome opportunity to refresh their theory of change and their approaches to planning, evaluating and learning.

Traditional planning works on the assumption that informed decision-making will produce a "right" answer that simply needs to be implemented correctly to succeed. Learningful foundations recognize that, in a complex world rife with changing conditions, the first solution is not likely to be completely "right," or to stay right as conditions evolve.

To think about learning, we need to think about thinking.

This research project starts by looking at how thinking is articulated as part of the grantmaking process. Based on previous research, we have defined a lesson as being "learned" when:

1. Behavior changes, and

2. As a result, an organization or a group of stakeholders achieves results that are consistent with what the lessons from previous experience predicted.

By that definition, learning is about more than adjusting actions; it is about adjusting thinking in order to be able to do better in the future – to articulate an outcome, predict the challenges inherent in a situation, draw on past experience, choose the right approach given that situation, translate that into an actionable plan, enact it,

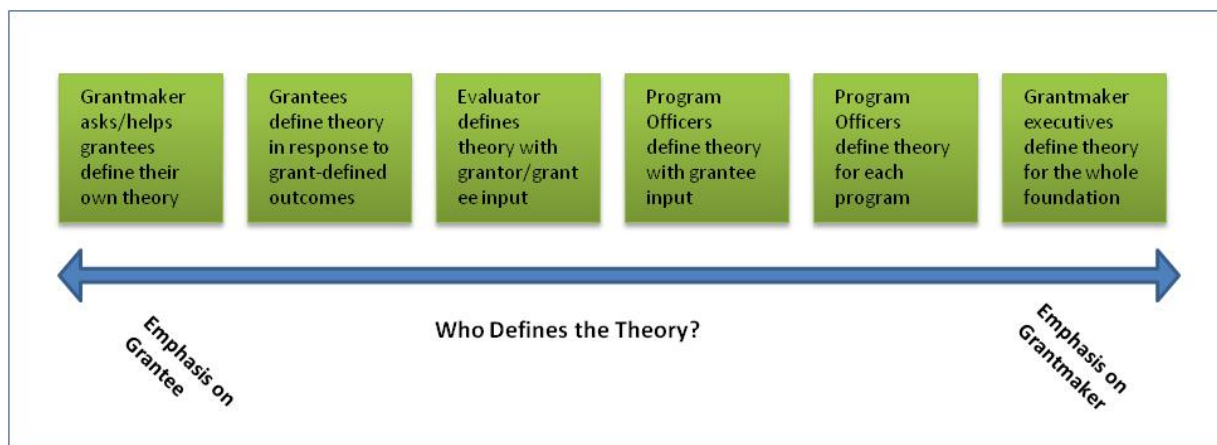and assess whether or not it achieved the expected results.

In the social sector, because of the many partners whose efforts must come together to achieve their shared – and challenging – outcomes, the more clearly foundations and their partners articulate their thinking, the easier it becomes to discover how their thinking is aligned or in conflict, and to identify useful indicators. As goals and situations change, this clarity positions the whole collection of independent but interconnected partners to predict challenges and to choose the best approach to achieve its shared goals.

WHO DEFINES THE THEORY? [5]

The widespread use of theories of change and logic models is an indication of the field's desire to improve learning and its capability to produce results in the future. But foundations vary widely on how, when and why, and with whom, they articulate their thinking. For example, with theory of change:

- Some do it only at the executive level
- Some do it only at the program level
- Some make it a requirement for every grantee to develop their own theory of change
- ***Some have banned the term***

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5 Because these terms are used in so many different ways by foundations, for the purpose of this report, we will use the term "theory" to refer to all of the tools used to articulate thinking about how to get to outcomes: Theory of Change, Theory of Action, Outcome Models and Logic Models.

| Grantmaker asks/helps grantees define their own theory | Grantees define theory in response to grant-defined outcomes | Evaluator defines theory with grantor/grantee input | Program Officers define theory with grantee input | Program Officers define theory for each program | Grantmaker executives define theory for the whole foundation |

Who Defines the Theory?

Emphasis on Grantee ← → Emphasis on Grantmaker

We heard that who defines the theory and at what level (foundation, program, grantee) impacts how complex the theory is, how accessible it is to people doing the work of the grant, and how often it is referred to and refreshed as thinking changes.

Ultimately, who defines the theory has an effect on how well theory reflects the thinking of the whole network and how broadly it is embraced by the people who are responsible for transforming theory into reality. As Tanya Beer, Colorado Trust, comments, "We need to make our theory of change a living thing. We need to change our theory when results tell us it's not right."

If theory becomes too complex, it risks becoming an artifact.

We heard that when theory is complex, it is referred to and refreshed less often. We heard that there is a tendency to think that theory has to be complex to reflect the complex environments in which foundations are aiming to create impact. But, in fact, we found examples of complex initiatives guided by very simple theory that was more approachable, left more room for

experimentation and, as a result, stimulated innovative thinking among a whole network of stakeholders using it to affect change.[6]

In some cases, it isn't the document itself that becomes overly complex, but the process of creating it. Crafting theory is viewed by some foundations as a once-every-five-years-whether-we-like-it-or-not process, akin to (or done as part of) writing a complete strategic plan. In terms of creating a living document that promotes learning, this can be the kiss of death. When the process becomes too complex, people are reluctant to get started or revise previous work that has become outdated.[7]

Some large foundations that have taken a top-down approach – starting by trying to describe their theory at the executive level first – have found the process to be too

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6 See "Good Practice: Lumina Foundation's Achieving the Dream Initiative" below for an example.

7 See "Good Practice: Quarterly Reflection Sessions at The Barr Foundation" for an example of consciously working to keep theory fresh.

abstract or complex to be useful to operational planning. In some cases, getting hung up at the executive level has poisoned the well for theory work at the program level.

If theory is created by just one party in a complex network of partners, it is seldom owned by everyone.

In their efforts to be more strategic, some foundations in the study are experiencing a tension between owning the theory and being collaborative; between aiming to increase impact by directing more resources toward one theory of change, versus transforming the way they think of their relationship with grantees and other stakeholders to a partnership in order to enable an entire network of independent organizations to succeed against their own theory.[8] We heard examples of program failures that were attributed to the theory, metrics and plan having been overly defined by the foundation, which resulted in low ownership and commitment from grantees, and the bulk of the responsibility remaining with the foundation.

"One challenge is that the vast majority of our work is done by other people," observes Jill Wohlford, Lumina Foundation's Director of Planning and Organizational Learning. "We are a catalyst. We know some areas where we want to hit targets, but in some respects, we invest in other people and organizations and they are the ones who have the smarts and knowledge to drill down on our theory of change. The expertise doesn't necessarily reside here."

In Mark Kramer's recent article, "Catalytic Philanthropy," while arguing that funders should take more responsibility for success, he also adds this caution:

> *Considerable havoc has been wrought, and billions of dollars wasted, by donors whose success in business or other fields has convinced them that they can single-handedly solve a social problem that no one else has solved before. Philanthropists cannot catalyze change by acting alone or imposing a solution, convinced that they have the answer before they begin. Instead, they must listen to and work with others, enabling stakeholders to develop their own solutions.*[9]

The state of a foundation's theory sometimes reflects that tension. Everyone involved in a large initiative could agree that they are trying to solve world hunger, but we heard that it is not uncommon to fundamentally disagree about how to get there, without ever getting those disagreements surfaced and thought through. "We think we are on the same page," comments Pat Else, Director of Grant Operations at the Ontario Trillium Foundation, "but we haven't talked about what the page is."

If program staff or evaluation consultants create a theory that they believe speaks for all of the "moving parts" in a complex initiative, it can muddle roles and hogtie well-intentioned, creative partners who may have much better ideas about how to tackle big challenges in their own environments.

And for those trying to include their partners in creating a shared theory, the challenge is how to include everyone's good thinking without getting mushy, or how to keep the need to build consensus from making the process grind to

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8 In a follow-up to this study, "Learning in a networked world," we will explore learning as partners with grantees and other stakeholders; how role and boundary clarity can play a role in stimulating innovation, and how the way theory is stated impacts learning in networked environments.

9 Kramer, "Catalytic Philanthropy," Fall 2009, Stanford Social Innovation Review.

a halt. If there are multiple funding partners with their own idea of what "we" need to do, the theory landscape can become staggeringly complex.

As a member of a large initiative, if a theory does not reflect my own thinking, and there is no mechanism for me to engage in, agree or disagree with theory, or space to experiment with different ways to apply the theory to my own situation, I am likely to ignore it and just go about what I think is the right thing to do.

If it might interfere with the grantee relationship, program officers may be reticent to articulate theory.

Yet another reason we heard that theory remains unstated is that it may threaten some program officer / grantee relationships. Being more strategic brings with it increased transparency, greater scrutiny and, often, the choice to make larger grants to fewer projects or organizations. Asking program officers to put theory to paper with the intent to track and learn from results may feel like the foundation is micro-managing the grant. In cultures that favor relationships over strategy, it is more difficult to find well-articulated theories of change or logic models (or other ways of articulating thinking) at the program level.

Pat Brandes, Barr Foundation's Executive Director, describes the dynamic:

> Grantee relationships are rewarding. Job satisfaction comes from where you have control. Program officers don't have ultimate control over the theory of change. They don't have control over the relationship with the board. The most control they have is with grantees. That's where they get satisfaction. Give a grant and you are appreciated. That's natural. This is why foundations tend not to be strategic. It's not where the reward is. It is hard to be truly driven by outcomes rather than grantee relationships.

But if for any of these reasons foundations fail to commit to an outcome and a theory – by not articulating it or letting thinking go stale, the quality of reflective learning suffers. Foundation staff members can learn just about any lesson they want to from a particular grant or event if they are not honest with themselves about whether or not they achieved the result they expected, or if "success" can be rationalized from any result.

GOOD PRACTICE: LUMINA FOUNDATION'S ACHIEVING THE DREAM INITIATIVE

Editorial note: By "good" practice, we mean practices that take a particular foundation toward the goal of being more effective in using learning to increase their capacity to achieve outcomes. We distinguish between "good practice" and "best practice." As commonly used, the term "best practice" implies the notion that a practice can be captured and replicated. (See "Can we learn to create impact?" for a discussion about the problem of replicating best practice in complex environments.) Also, some of the good practices highlighted may be practiced equally well at other foundation in the study.

Achieving the Dream is a multi-year national initiative to help more community college students succeed, particularly low-income students and students of color. From a learning perspective, it represents an excellent example of how a foundation worked as an equal partner with its grantees to co-create a very simple theory of change around which grantee partners and colleges could engage and innovate, based on five clear and quantitative measures (see illustration below).

Lumina and its partners fought against the tendency to think that, because the environment was complex, the theory should be as well. The Achieving the Dream Theory of Action laid out a fairly simple set of principles for a very complex environment with many partners – grantees and other funders, along with participating colleges. It was paired with a very detailed Integrated Action Plan, which was viewed as a living document; designed to evolve based on what they learned through implementation.

Figure 1 The Achieving the Dream Five-Step Process for Increasing Student Success through Institutional Improvement
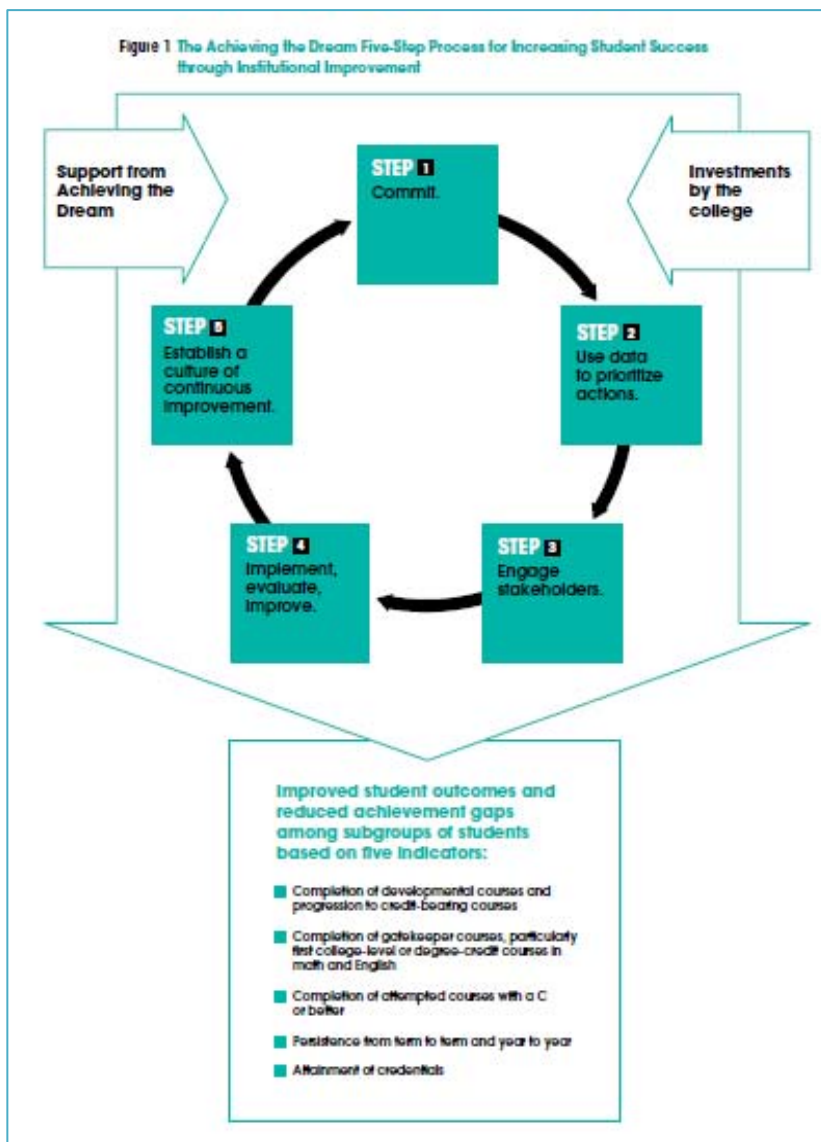
The theory does not put Lumina at the "front" or "top" of the equation. It very deliberately respects the role of the partners and the community colleges they chose to work with. "The approach was not to be overly prescriptive," as Sam Cargile, Lumina's VP for Grantmaking, describes it. That flexibility has made it possible for grantees to innovate solutions that work in their states and colleges in ways that neither Lumina, nor any one of its partners, could have designed into the initiative. "People understood their piece of the puzzle," observed Cargile. "Unequivocally, it created innovation."

From the very beginning, the plan was to give all partners and funders a voice in design and governance, and to tailor the work to conditions in different states. Cargile, who has worked at three foundations over his career, observed that the co-design by equal partners was unique in his experience. "The more typical model is that if you are going to do some work in an area, you may invite a selected number of experts in the field and essentially design the initiative. Then you issue an RFP and you're off and running. We did not do that."

Leah Meyer Austin was VP for Programs when the initiative was being created in 2003. In a Grantmakers for Education case study, [10] she observed that the collective aspiration was to achieve something that no one organization could achieve alone. "We wanted something in which our grantees would become so deeply invested that if we walked away from the work they would continue it without us. The base of power, the base of

intellect, the base of creativity had to be external to this foundation."

Behind the theory and its creation process was another layer of theory that Lumina held as it designed the initiative's process. Lumina staff believed that, if they could create a "culture of evidence" at community colleges, the colleges would be able to make greater strides than if Lumina or any other organization tried to design a solution and implement it. As Mary Williams, Lumina's Senior Evaluation Director, observed, "Looking at their own data would generate 'aha!' moments that would inspire them to figure out their own strategies and implementation plans to solve their own problems. Those plans would look very different from institution to institution, and that's fine. We were determined not to be prescriptive."

This respect for local environments is an essential ingredient for learning across a network. This friendliness to local ownership also made it easier to recruit new, smaller, more place-based funders as partners. They could participate in a national initiative with an established infrastructure, yet pick their own local institutions to fund – another way the design's flexibility expressed itself in implementation.

As part of the initiative, Lumina and its partners set out to create a national community of learners with its own website, where institutions could compare data against similar institutions, and share their successes, failures and challenges. The partners worked to provide colleges with access to data, analysis tools and research on student achievement and institutional change.

The initiative was also consciously designed in overlapping cohorts of colleges and their funding partners, which created smaller, shorter cycles that could

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10 "Engaged Partners: The Achieving the Dream Partnership," Tonika Cheek Clayton, 2008, Grantmakers for Education.

build into something larger. This promoted learning and adjustment, both on the part of the partners and the colleges. A set of Knowledge Development outcomes was established up front in the Integrated Action Plan, and structures were put in place for ongoing sharing of data and lessons learned.

Achieving the Dream was not an easy path to take. Making decisions by consensus slowed the process down. But partners agree that they made better decisions as a result. Early design work surfaced differences in philosophy that led to one potential partner choosing to withdraw before implementation, undoubtedly eliminating a long-term source of tension later on.

As is so often the case, one of the biggest constraints was time. Lumina was a new foundation when they started, so they had fewer operational deadlines competing for their attention. The foundation recognizes that it would be more difficult to devote the kind of time it took to create this initiative to new initiatives today.

Results:

From 2005-2007, the number of participating colleges grew from 27 in five states to 82 in fifteen states. Some colleges are paying their own way to participate. Colleges are experimenting with mentoring programs, learning communities, summer bridge opportunities, skill-based rather than course-based developmental education, early assessment and remediation while prospective students are still in high school. These and other innovations are resulting in narrowed achievement gaps, increased retention, reduced need for participation in developmental programs, etc. As early as a year into implementation, several colleges have already demonstrated that they have created a "culture of evidence."

(See www.achievingthedream.org for more information on programs and results.)

Achieving the Dream Inc. was recently formed to provide a permanent, sustainable infrastructure for community college success work, with Lumina phasing out its funding.

B. ACTION: TURNING ACTION INTO LEARNING EXPERIMENTS

In a truly learningful organization, learning cycles happen at several scales – from long-term strategy to very short, fast cycles of learning in action:

Strategy Cycle
Initiative Cycle
Program Cycle
Implementation Cycle

For purposes of this study, "action" comprises the core business of a grantmaking organization – e.g., launching initiatives, making grant decisions, contracting with grantees, managing portfolios, convening stakeholders, building capacity, providing technical assistance, enlisting partners, and other interventions to make change happen. This is the real work of the foundation. From an emergent learning perspective, it is also "the classroom" – the primary source from which insights emerge and the place where insights can be applied to improve impact.

The real work foundation staff undertakes every day can either be treated as a constant stream of "to do's" or as a series of opportunities to test and refine thinking and behavior. We heard that any number of things can happen – priorities shift, boards give contrary input, leadership in intermediaries change, demographics or technology changes – all of which can defeat even the best planning. Learningful foundations are deliberate in their goal to learn from their action, making mid-course adjustments to their actions or even their theory, rather than waiting until the end of a grant period or an annual planning cycle to recognize and adapt to changing conditions.

It matters how fast foundations learn. Building learning practices into action fundamentally changes the rate at which a foundation can improve its outcomes. If evaluation and learning includes a focus on near-term, interim results, then that evidence can support reflection and adaptation in time to make those mid-course corrections that might improve program outcomes.

The traditional model has been to wait until after the grant is done to reflect on how the foundation and its community could have achieved a different result – one of the main reasons why "post-mortem" reflection on program failures can be so uncomfortable. Post-mortems of failures produce many predictable lessons. A few that we heard:

- *"Stakeholders were not involved in the design of the initiative and, therefore, did not fully commit themselves to the outcomes we defined."*

- *"Our program scope was larger than our capability to implement it."*

- *"People were afraid to speak the truth to senior management."*

- *"The loss of the ED at a key grantee organization made it impossible to achieve our intermediate outcomes."*

- *"We lacked focus and our consultants worked at cross-purposes."*

For foundations trying to mitigate the risks involved in larger, more strategic investments, the question they need to ask is this: ***How many of these pitfalls could have been avoided if more attention were given to thinking through past lessons during planning and to mid-course correction?*** We heard too many examples of foundations having to "fire" key grantees or cancel whole programs because they were too far off the tracks to save. These "divorces" have a larger and longer-lasting impact than just one failed grant.

Learning in small, "fit-for-purpose" cycles in the course of work not only reduces risk; it also makes changing course a less traumatic process. As Gale Berkowitz, Director of Evaluation for the Packard Foundation, describes it, "In some of our programs, they will make very transparent course corrections along the way, so that when they get to a predetermined refresh of their strategy, there are generally no big surprises; no big shifts in strategy. It's more of an evolution."

TIME TO LEARN?

With aspirations that far outpace the resources available, the number one challenge to learning expressed across all of the foundations in our study was time. Many foundations have built rich dialogue into their decision-making process. But we heard that, in the face of too many other priorities, attention and dialogue tends to fall away immediately thereafter. This is especially true for foundations that manage a large volume of grants.

As workloads expand, foundation staff members miss key opportunities to learn through their actions. Despite attempts to build more dialogue and experiments into the grant cycle – both within the organization and with grantees – lack of time and no deliberate plan to learn

often leaves insights that would improve future practice on the table.

Program officers are torn between focusing on grantees and focusing on foundation business.

In the face of aggressive missions, the attention of program staff gets pulled in many directions, but most often toward mission. Lumina's Wohlford observed that "If we are rushed to get something done, it is very hard to get the staff to back up a second and do the necessary background research or environmental scanning. If we do that up front, we may have a better decision and won't have to backtrack."

Program Officers face an inherent tension between investing their limited time focusing on their relationship with their grantees and focusing on the needs of the larger foundation. Each day, Program Officers must decide how much of their time they will spend "facing" the grantee and other stakeholders, and how much of their time they will spend "facing" their peers and attending to administrative responsibilities. "Time, as you can imagine, is a real challenge," observed Carmen Siberon, a Graustein Memorial Fund Program officer. "We pay a hefty price. We work longer hours because of our attempts to collaborate among ourselves and to keep each other up to date." This tension only increases as successful high-engagement initiatives grow.

We heard that the stronger the connection and more frequent the interaction between program staff and grantees, the more quickly both are able to see problems and make course corrections. Unfortunately, the flip side of this strength is that program officers are less likely to have either the time or the patience to articulate the insight that produced the course correction and share it with their peers inside the foundation.

As a result, we heard that course correction mostly happens quietly through the close working relationships between program officers and grantees. While these corrections in themselves are a good thing, the invisibility of them frustrates foundation leaders because the real learning nuggets remain hidden and larger "lessons learned" may not be applied more broadly. The result? "Learning the same lesson" over and over again.

And there is a counterpoint: In foundations that do not have close, on-going relationships with their grantees – perhaps because they work through intermediaries on global problems or, because they do a large volume of grantmaking on a wide range of issues, program staff may be very happy to take the time to share their thinking with each other, but may find it more difficult to identify problems in programs as they surface and work with grantees to adjust in a timely way. This can lead to very satisfying, but theoretical dialogues, while programs quietly fail.

Recall our definition of a "lesson learned" as 1) changed behavior; and 2) achieving results that are consistent with what past lessons predicted. Adjusting action, in itself, is not enough. To succeed in learning from action, foundations need a combination of lots of action experiments, good information flow between grantees and program staff, and *time* to reflect across programs on what the results of these experiments mean to future practice. The goal is to learn how to recognize situations and to know how to respond: "We've seen this before and here is what works and why."

Some foundations are using program dashboards to build this link between facing in and facing out; to identify complications early and bring them back to their program teams to discuss. Deaconess Foundation maintains a dashboard for each agency to track how program work is going and whether there are complications to address. The dashboard focuses on short-term outcomes and is kept up to date. It also allow program staff to look for patterns across grant programs and think more strategically across their portfolio.

Chris DeCardy, Packard's VP and Director of Programs, describes how Packard uses dashboards:

> We devote large portions of our regular program leadership meetings to having the strategy documents and dashboard in front of us. Why do you do it this way? Why do we have such a difference in multi-year grants and what does it say about our strategy? Senior staff has a formal 90-minute meeting every 4-6 weeks where we ask the same types of questions. And each program has the same kind of dashboard and strategy conversations at regular program meetings.

GOOD PRACTICE: ONTARIO TRILLIUM'S PLAN TO LEARN WITH ITS GRANTEES

Of course, most foundations have a little bit of each of these inward-facing or outward-facing personalities, depending on where and when you look. Ontario Trillium Foundation (OTF) is an example of a high-volume grantmaker that has addressed this challenge by creating an island of focused high-engagement through its strategic Future Fund.

OTF is an unusual grantmaker. It is actually a government agency. By charter, OTF is a responsive community grantmaker for the province of Ontario. All grantmaking decisions are made by volunteers appointed by the provincial government. The other unusual characteristic is that of the 70 program staff, 40 live in the communities they serve. In a province the size of Ontario, that means that they spend a lot of time "facing" their communities. To balance that, the foundation has consciously designed many opportunities for cross-program reflection, including three all-staff meetings each year.

The foundation's Future Fund was established by the board to make a more visible impact in some aspect of the lives of the people of Ontario. The fund's size is small, relative to total granting, but the Future Fund allows OTF to focus each year on a strategic priority – the environment, economic opportunities, green jobs – and engage a small group of grantees in a more focused initiative. In the context of the conversation above, the Future Fund is, in essence, the foundation's attempt to make a more conscious link between facing in and facing out. While grant decisions are still made by a special board of volunteers, the focus of each cycle of grantmaking is made by the foundation's board, based on research conducted by the staff and input from communities.

But time continues to be the disruptive challenge. Samantha Burdett, OTF's Senior Policy and Research Analyst, observed that "we had no time for formal reflection. We were in a constant state of data gathering. Reflection happened on the go as we did our work. We were deliberate about learning as we go, but if we got hit by a bus, we realized, the learning was going to go with us." So OTF has created a learning agenda[11] to become more deliberate about making the link between what happens on the ground and learning from it by senior staff in Toronto. The learning agenda addresses learning on several levels and helps establish evaluation priorities:

- About the content of each cycle of grants: "What will it take to increase the capacity of the non-profit environment sector in Ontario?"

- About the grantmaking process: "What will it take to help the Grant Review Committee and Board to make timely and informed decisions for Future Fund grants that match their aspirations for the Fund?"

- About the high-engagement model: "Given our limited time (and the growth of the Fund), how can we maximize our outcomes from our high-engagement model?"

By taking the time to clarify what the foundation wants to learn about, with its grantees, through the Future Fund, and by identifying the best opportunities to learn from real work, OTF expects to increase the quality of what it learns, without having to increase the time it takes to learn it. The foundation also expects to be able to apply what it learns through the Future Fund to all of its granting programs.

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11 See "An Emergent Learning Agenda" for a description.

C: GATHERING DATA: USING EVALUATION TO SUPPORT LEARNING

Evaluation is also undergoing a significant transformation. Learningful foundations are recognizing that the purpose of data gathering is not to produce a glossy report, but to make better decisions and to gain a richer understanding of what it takes to create impact.

Traditional evaluation is not only slow; it can shift the burden for learning away from overcommitted staff and onto the shoulders of external evaluators. This slows down the learning cycle drastically – both for the foundation but also, and especially, for its grantees. We heard examples of complex logic models designed by external consultants that the foundation has not embraced or used. Most important of all: the lessons that might improve performance next time risk staying hidden in evaluation reports and not being fully understood and acted on by overwhelmed program staff.

Kathleen Enright, CEO of Grantmakers for Effective Organizations (GEO), nicely articulates this new view of evaluation:

> *Too frequently evaluation is seen as something that is externally imposed for accountability purposes. 'Did they do what they said they would do?' For my money, I'd rather invest in leaders and organizations that adapt to changing circumstances and patently don't do what they said they'd do when they've learned something that changes their thinking. This requires a great deal of trust. Some foundations are moving from top-down accountability—they impose objectives on grantees and then assess whether grantees have reached them—to a stakeholder model of accountability in which*

> *grantmakers set out to learn about their impact from local communities.[12]*

A recent report, Evaluation in Philanthropy: Perspectives from the Field, co-published by GEO and the Council of Foundations, offers a definition of learning and of evaluation that highlights this new vision:[13]

> *Organizational learning is the process of asking and answering questions that grantmakers and nonprofits need to understand to improve their performance and achieve better results.*

> *Evaluation in philanthropy is systematic information gathering and research about grantmaker-supported activities that informs learning and drives improvement.*

For evaluation to lead to learning and improved long-term results, it must also gauge critical short and intermediate results, as well as the activities that are expected to produce them. As a result, many foundations are moving away from depending entirely on slow-cycle end-of-project summative evaluations designed primarily for external accountability to a complement of evaluation tools, including real-time approaches that support learning in action.

"I spent a lot of years raising money from foundations. Often they would make a plan and stick to the plan for five years," recalled Jamie Merisotis, Lumina's CEO. "I don't believe in that. It's not wise. We operate in a very dynamic

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12 Kathleen Enright, "Five Questions about Demonstrating Impact," Philanthropy Awareness Initiative. www.philanthropyawareness.org.

13 "Evaluation in Philanthropy: Perspectives from the Field," (ibid).

environment. Formative evaluation is more critical than summative evaluation. The work involves a series of formative moments. Strategy cannot be a static process."

VALUING BOTH IMMEDIACY AND OBJECTIVITY

Several of the foundations interviewed now see evaluation as a partnership between third-party evaluators, and the objectivity they bring, and internal observation, and the immediacy it brings. Each one plays an important role in building the capacity of the foundation and its partners to produce the impact they hope to achieve. Elizabeth George, VP of the Deaconess Foundation, describes the value of each:

> We have gained so much from our external evaluation: everything from thinking about organizational life cycle and what kind of capacity building works with different agencies at different periods of their life cycle. This is something that we figured out intuitively, but having an externally created framework to reference has been helpful. Our evaluators have called us out on some things. You need to make sure that there are certain activities taking place at certain key periods that we may not have gotten to on our own.

On the other hand...

> We know things that an evaluator just can't get to know through a one-day site visit and three or four phone calls. There are changes we can see that might not show up in an external evaluation. I do think that our embeddedness with the agencies, watching the change take place day-to-day brings something in that you can't get simply from an objective, quantitative analysis.

Rather than waiting five years to "learn" from an initiative on one hand, or acting on wishful thinking on the other, our image of the best possible outcome story to tell is a thoughtful partnership between internal and external evaluation. External evaluation provides the mileposts for the program; internal observation provides a constant stream of data to evaluators:

> [This] is what we hoped to accomplish in this initiative. We ran into [this] stumbling block. We tried a number of approaches and [this] is what we found worked and [this] is why. Data from our external evaluation validates what we learned from our own experience over the course of this initiative.

But it is an elusive vision. While the foundations in our study have embraced this attitude toward learning and evaluation, and aspire to make it an ongoing process, the same time pressures that affect learning in action make real-time evaluation a challenge. Evaluation staffs are reluctant to impose more process requirements on over-committed program officers.

CAN WE LEARN TO CREATE IMPACT?

To recap, foundations want to find ways to increase impact, but they have learned that you can't get at impact directly. There are no linear cause-effect models. No one butterfly can flap its wings and expect to cause AIDS to disappear in Africa.

In complex grant programs, data about impact will not be available until long after an interconnected web of actions on the part of a number of independent actors and external events come together to produce some downstream result. At that point, even the deepest

analysis of impact data cannot help a foundation pinpoint the specific actions that caused that longer-term result.

The task of learning to create impact in complex social systems is a little like building a suspension bridge: foundations and their partners are trying to work from both ends toward the middle – getting better at measuring impact but, at the same time, learning how to get better results from immediate actions, with some solid intermediate outcomes to work toward.

As Barr's Brandes describes it, "People need to see goals as learning tools. Whether or not you reach a goal is often out of your control, but the goal serves as a marker. You still need markers that organize your learning short, mid, and long-term."

The fundamental challenge of learning in a changing environment is that nothing stands still long enough to *finally* learn it. If tomorrow will not look exactly like yesterday, no one "best practice" solution can simply be replicated and get the same result. There are no "right" answers to be discovered. How and what can a grantmaker or a grantee learn in that kind of environment?

Consider an analogy: In the past century, meteorologists have discovered some powerful building blocks and how to combine them that have greatly improved their ability to predict local weather in a wickedly complex system. Over the years, real-time data-gathering has improved meteorologists' ability to see patterns like ocean temperatures, upper-air pressure centers, wind patterns and solar radiation. They have studied how they interact, in order to understand more complex phenomena like jet streams and el Nino, which allows them to see larger

trends and make more powerful, longer range weather predictions.[14]

There may be some "unmeasurables" in grantmaking, and, importantly, foundations do not get feedback on a daily basis about the accuracy of their predictions. But we believe that there is still something to learn from the example. For all of the variables and causal relationships that meteorologists did not (and still do not) understand, each new building block they discovered strengthened their ability to predict local weather.

In the same way, foundations need to find things that do repeat themselves, even if the situations are constantly shifting. The process of learning is a process of discovering these repeating elements – grant structures, capacity-building approaches, stakeholder engagement processes, etc., etc., and the underlying principles about how they work in different kinds of grant programs (e.g., operational vs. public policy) in different geographies, in service of different outcomes. With that knowledge, they can formulate a series of hypotheses about how to combine them to get better at achieving intermediate outcomes in particular kinds of situations.

Let us say, for example, that the ability of communities across the U.S. to generate innovative partnerships between non-profit, public and private sector

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14 This section draws from the writings of John H. Holland on complex adaptive systems. In his book, Emergence (1998, Perseus Books), Holland uses the example of meteorology to explain how it is possible to use building blocks to build greater understanding about how complex systems function. In his book, Hidden Order (1995, Perseus Books), he observes that "this use of building blocks to generate internal models is a pervasive feature of complex adaptive systems. When the model is tacit, the process of discovering and combining building blocks usually proceeds on an evolutionary timescale; when the model is overt, the timescale may be orders of magnitude shorter."

organizations is a critical intermediate outcome for a large initiative. If a foundation and its partners, or even a whole group of foundations, were to make a concerted effort to experiment with a wide variety of methods and track and learn from their collected successes and failures, over time they would generate a better understanding about which approaches work in which kinds of communities to produce the most innovative partnerships.

Eventually, they would learn which of many approaches works best in large urban vs. small rural communities; very cohesive vs. fragmented communities; communities that have a wealth of resources vs. those that don't. With that know-how available to a larger group of foundations and partners, they can turn their attention to other parts of the theory, confident that they have the know-how to help communities generate the partnerships it will take to enact better community solutions.

This "rubbing stories together" already happens in the field of philanthropy through personal connections, published articles and conferences. Some percentage turns into new ideas that get tried out by other foundations. Some percentage of those experiments takes hold more broadly. But the process is like scattering seed from an airplane, rather than cultivating a garden. Philanthropy could learn faster and better.

The "little arrows"

Focusing on learning how to produce intermediate outcomes in a logic model – by experimenting with combining grantmaking tools in different kinds of situations to achieve a certain outcome – offers a vehicle to break through some of the complexity of learning through grantmaking. In the logic models we studied, the most important learning opportunities seemed to be concentrated in the little arrows between boxes, as

illustrated below. Each of those tiny little arrows represents a hypothesis about what it will take to produce a particular outcome. ("If we take this action or produce this intermediate outcome, then we will get that outcome or impact.") In reality, each little arrow actually represents many possible hypotheses. As such, it represents a very large space where foundations can and should conduct learning experiments.
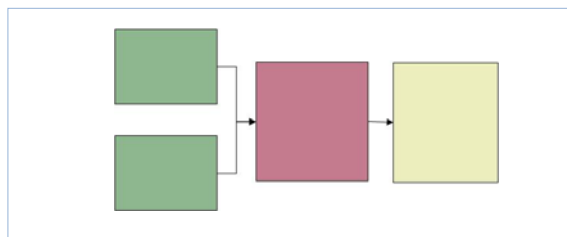
Typical Logic Model Format

Barr's Dorsey offers that "the little arrows are about how you think you'll get to that next step. Some of it is the activities; some of it is the more incremental steps in terms of the change that happens in the world, from one outcome to another. People see some of these as a 'leap of faith.' How do we take action to resolve that leap of faith?" If foundations can "forecast" what tools, applied in which ways, in which environments, will achieve what results (and why) within those small arrows, then, as has happened with meteorology, they can use that knowledge to tackle their larger challenges.

Focusing on these little arrows is not, however, just about how to deliver an "effective" capacity-building program, for example. It is about learning how the choices foundations make in designing and delivering these programs interact with the environments in which they are being delivered to produce a certain result. For example,

What will it take to ensure that our capacity-building programs succeed in helping our local non-profits (of different sizes, serving different kinds of audiences, etc.) to develop sustainable health care service models?

If our goal is to help community advocates in different cities within our region organize to achieve a "tipping point" of political support for sustainable development, which kind of stakeholder engagement process will work best with different groups of advocates, in different cities?

It is about conducting small experiments in order to learn how to adjust these programs in different environments to get the same quality of result. According to Gayle Williams, Executive Director for the Mary Reynolds Babcock Foundation (MRBF), "we are not so concerned with counting widgets, but understanding what is working and what is not. How adaptive are we being? But you need to know what outcomes you want and what you get."

In MRBF's good practice description (following this section), we talk about how MRBF focuses its learning on "pathways out of poverty." As Gladys Washington, MRBF's Program Director, expressed it, "Pathways are an intentional part of our theory of change, so we are focused on learning about them." For example, if living-wage jobs are seen as one pathway out of poverty, then the question, "What will it take to create economies in this region that support an increasing number of living-wage jobs?" becomes a core learning question. This is one of MRBF's little arrows. By studying how different approaches create the largest increases in living-wage jobs in different states, MRBF is discovering a set of powerful building blocks about its core mission.

Done deliberately, and keeping short, mid and long-term outcomes in sight (the compass in the woods), these little experiments can add up to stronger capacity to contribute to long-term impact. David Nee, CEO of the Graustein Memorial Fund, describes his aspiration for learning: "Our ultimate hope is to be wiser and more responsive to communities as we go along, to collect practices and understand better what we do."

GOOD PRACTICE: MARY REYNOLDS BABCOCK FOUNDATION LEANS (LEARNS) INTO ACTION

The Mary Reynolds Babcock Foundation (MRBF) has created a culture and an approach to its theory that sets the stage for stepping into action with the foundation's learning questions in mind. It turns action into learning experiments and helps link learning that happens in programs back into the foundation's know-how.

As Gayle Williams, MRBF's Executive Director, describes it, the foundation has developed a theory of change based on a bed of beliefs and assumptions about what helps people move out of poverty, and that theory is driving evaluation and guiding the foundation's learning. Some of the questions Williams asks, for instance:

> *Are we making progress toward our long-term outcomes? In the process, what are we learning that would challenge our beliefs and assumptions about what it takes to move people out of poverty? What are the implications for what we do or don't do?*

Part of what sets the stage for MRBF's keen attention on learning is its regional focus. "We are place-based," comments Williams, "and context is everything." This strong respect for context has led MRBF to think of its theory as involving multiple "pathways out of poverty" – e.g., increasing community assets, living-wage jobs, public and private investment, community-controlled philanthropy.

MRBF's emphasis, therefore, is on learning with grantees, and comparing strategies across states to figure out what works where. "What has traction in each state to have an impact on poverty?" Recognizing that there are multiple viable pathways, and that no one pathway will work in

every state, which means that implementation in each state becomes a learning experiment.[15]

Protected staff time

Mondays are protected time: two Mondays a month are devoted to the Management Team. Alternate Mondays are devoted to the Program Team. There is a staff overlap between the two teams, which creates continuity and depth between these two conversations.

These meetings are where MRBF deals with the big questions. The Management Team focuses on the whole organization – budget, HR, program strategy, implementation plans. They also spend time trying to spot emerging issues: what questions do we need to answer? "We deal with whatever surprises us," explains Williams. The Program Team digs into strategy for impact. "Our learning conversations range from 'What did we learn from the last grant we made to this group?' to 'What's happening with the state strategy we've invested in for the past few years? Where is it headed and what adjustments do we make in our investments?' to 'What progress are we making on our long-term outcomes and what are we learning about what it takes to make progress?'"

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15 In Hidden Order, John Holland describes his discovery that, in order to be adaptive, a system must be able to accommodate – and test – multiple hypotheses. If there is one "right" answer, the system will stagnate.

The learning focus changes from year to year

Williams realized that the foundation can't learn about its whole theory of change at once. "Our staff and board would be like deer caught in the headlights." So they focus down each year on a few pathways, getting learning papers done and being deliberate about learning from those states involved in a particular pathway – for example, jobs and what they mean for a region's economy.

The challenge is to avoid sending the wrong message: just because MRBF chooses to focus its attention on a particular pathway this year does not mean that its funding priorities are focusing only there. "We manage this internally and externally by keeping our communications focused on our entire theory of change and our long-term outcomes," explains Williams. "When we study a specific topic or release a report, we always frame it in the context of where it fits in our bigger strategy."

MRBF recognizes that learning needs to happen at several levels. The board has its own learning agenda as well that may vary from year to year. Their questions are broad: "What does the foundation need to know about the intersection of workforce and economic development in the south that will help the board make decisions about where to put money in that area as a pathway out of poverty?" MRBF's program staff is more focused on what works well with whom, in what situations. "What tools and skills do we need to develop in order to help organizations we work with to get stronger financially?"

MRBF's Organizational Development Practice

From 1994 through 2004, the MRBF staff focused deliberately on building its skills in Organizational Development (OD). At the time, they had observed, most organizations in the south didn't know how to do it. "We created a knowledge and practice space around OD that we still use today," explained Williams.

It was a very deliberate, and very rich, learning practice for MRBF. Part of what made it so powerful, in Williams' view, was that grantees were involved as learning partners. "In addition to being designed and led by grantees, those convenings really were part of a learning engagement." MRBF developed its OD model not from a textbook, but through interactions with individuals and groups of grantees. It was a "true learning community," according to Williams.

MRBF chose to conclude its active learning practice focused on OD after 2004 and to focus on other building blocks of its practice. But the inquiry continues more informally. MRBF has just committed to a mid-course review of its entire program. The question the staff is around context – exploring now is how different OD tools can best be applied in different kinds of organizations. The more experience a community gains with a particular set of building blocks, the more common it is to find questions shifting to context – an indication of being further along the learning curve.

D: REFLECTION: CONNECTING THE DOTS

For our purposes, reflection is the process of making meaning of observations, data gathered, external research and lessons offered by peers. Even the best data will not produce change until grantmakers and grantees take the time to make meaning of it and to think fairly explicitly about how and when they will use it to produce better results. The foundations in this study are all experimenting with different models for creating time and space for reflection.

Foundations are trying hard to find the *time* (a recurring theme) to do reflection. And they run into resistance. For all of the reasons already discussed, reflection tends to get set aside due to the pressures of "real work." Packard's Berkowitz describes the challenge for every evaluation/learning officer: "We have to find the sweet spot for intentional learning where the time they spend is less than or equal to the value they get out of it."

But…reflection and learning are not the same thing.

The field of Organizational Learning has developed many powerful insights and tools related to reflection and how to deepen it.[16] Our focus in this research is on learning – the process by which reflection actually results in improved future practice and, ultimately, impact.

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16 The Fifth Discipline Fieldbooks are great sources of techniques to deepen reflection. (1994, 1999, and 2000, Doubleday/Currency). See also Stroh, David Peter, "Leveraging Grantmaking: Understanding the Dynamics of Complex Social Systems," Foundation Review, 2009, Vol, 1:3.

CONNECTING THE DOTS

If learning requires both taking action based on lessons learned and testing to see if results match up with what was expected, then reflection is one step in a longer process. Our research interviews confirmed previous observations in foundations and in other arenas: organizations have a tendency to equate learning and reflection, which leads them to over-invest in ad hoc reflection sessions and under-invest in linking reflection back into the learning cycle.
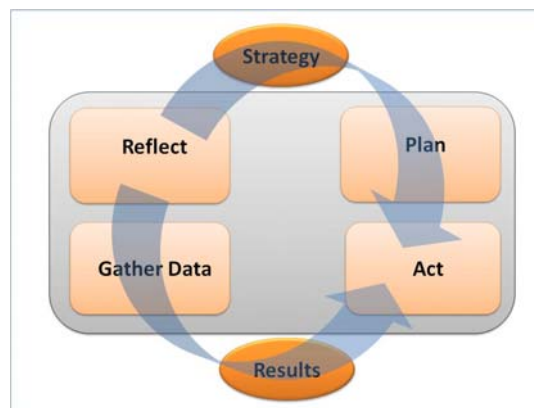

Designing reflection to close the learning loop

The reflection practices we heard were often designed as ad hoc meetings to reflect on a particular past program or across programs on some common question. The link to future action was more of an aspiration than a specific plan. In some cases, reflection was explicitly kept separate from action, in order to preserve the time to think; to avoid slipping into tactical problem-solving. We were not surprised, then, that overcommitted program staff often resisted taking precious time away from what they considered to be their mission work.

Linking back to theory and forward to action

As we described at the beginning of this section, to improve future action and results, foundation staff needs to train its thinking as well as its actions. That means that reflection on past results needs to include reflecting on the thinking behind the actions, so that the result of the reflection is more than just adjusting action – it is also adjusting thinking.

In 1978, Chris Argyris and Donald Schon described single-loop and double-loop learning.[17] When reflection results merely in adjusting an action, or throwing out one technique and replacing it with another, it is an example of single-loop learning. In a sense, nothing sustainable is learned that can inform future practice. But when foundations take the time to reflect on the thinking behind the choices it made that created those results – double-loop learning, it helps staff prepare to make better decisions in the future, including occasionally adjusting the theory.
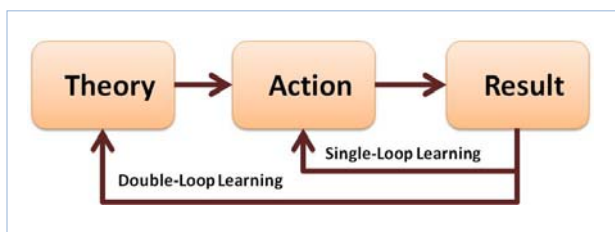
Double-Loop Learning involves reflecting on thinking, not just action

But, of course, this requires thoughtfully receiving and reflecting on evaluation data, which takes (once again) *time*. For foundations in which theory is implicit, this is even more challenging.

On the other hand, unless reflection is designed with specific future action in mind, it can result in tremendous insights that are never applied. In every sector we have studied, organizations are easily able to link planning to action. If they take the time, they are able to link action to reflection. The weak link in the learning cycle is almost universally from reflection to planning.

Creating this link can be as simple as asking "how will you apply what we talked about today?" at the end of reflection sessions. But as we will discuss in the next section, thinking about the future before sitting down to reflect on the past can set the stage for much more conscious learning.

Colorado Trust recognized this weak link and has been deliberate in its efforts to frame evaluation and learning in the context of future strategies more than on past performance. "We used to fund bigger evaluations of discrete initiatives," observed Tanya Beer, the Trust's Assistant Director of Research, Evaluation and Strategic Learning. "The findings were not always applicable going forward. Evaluations are now designed to answer key questions we need to know for future strategies."

Nancy Csuti, the department's Director, added: "Many of our evaluation programs generate real-time feedback. The challenge has been to integrate that feedback into decision-making and programming. Our evaluators would say that there are piles of enormously rich data for grantees and for The Trust. But because program and evaluation departments were so separate and siloed, and because there was no internal structure or process to support deep discussion and adaptation, this rich data was not being well used." The Trust is experimenting with several methods to close the loop with both grantees and

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17 Argyris and Schon, ibid.

internally. "There is clearly a desire and, dare I say, hunger to learn what works."

WHO ARE THE RIGHT PEOPLE? WHEN IS THE RIGHT TIME?

We heard three approaches that foundations take to choosing when to reflect:

- **Ad hoc** and based on something that happened – reflecting on a large grantee meeting; a board meeting that resulted in a change of direction; an initiative that "went south"

- **Periodic** – built into regular program staff meetings or staff retreats, or as their own regularly scheduled events

- **Linked** into the grantmaking cycle – e.g., preparation for grant decisions and board meetings; mid- or post-program reviews

A strength of ad hoc reflection is the emotional connection participants have to what happened and the need to make sense of it; to get validation…or vindication. The two weaknesses we heard were 1) it is not clear when and how insights will be applied, or by whom; and 2) the inconsistent nature of ad hoc reflection does not contribute to building good learning habits into the culture of a foundation.

A strength of periodic reflection is that it builds a learning discipline…if it does not get cancelled in the face of other priorities. The biggest weakness we heard is that it can become abstract and disconnected from work: learning for learning's sake. When that happens, resistance builds over time and the practice may tend to fall off.

Reflection that is linked into normal work processes offers the greatest potential for transforming learning practices into "just the way we do work around here." The most

common examples we heard were: 1) turning preparation for board meetings into opportunities to do deeper reflection; and 2) having a more thoughtful and reflective engagement with grantees in the grantmaking application and decision-making process or as part of grantee reporting. The Barr Foundation's good practice, below, illustrates one effective approach.

Peer Assists link action learning and growing know-how

The question of who should be reflecting about what and when was raised more than once during our interviews. From past research and practice, we have learned that it is important to involve a "customer" for lessons learned in the reflective conversation – participating in the conversation with their own work in mind.

A foundational principle of adult learning theory is that adults need to know why they are learning something and it needs to be of immediate value.[18] Adults learn best when they need to – when they are facing a challenge or a new opportunity and want to give it their best.

Peer Assists[19] offer a way to share know-how between programs "just-in-time" to be applied to a new problem. When a team is about to take on a particularly difficult challenge, they ask their peers who have worked on similar challenges in the past to meet with them. After hearing the situation the requesting group is facing, their peers share their own stories, including all of the bumps in the road they worked through, and the thinking behind

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18 Knowles, Holton, Swanson, The Adult Learner, 5th Edition, 1998, Butterworth-Heinemann.

19 The idea of Peer Assists was created by British Petroleum back in the early 1990's. It has morphed over the years into more of a "peer review" process, often packaged into large facilitated events. We prefer to stay true to the original notion, which is the basis for what is described in this section.

their solutions. Together, they think about how the ideas offered could be applied to this new situation.

A Peer Assist can be as short as a two hour conversation or as comprehensive as a day-long meeting. The most important rule is that it is not about giving advice or replicating a method as much as it was about solving a new problem together, using the collective experience of the group to do it. In the process, everyone involved enriches their thinking. Done in this way, a Peer Assist is both a very effective *and* very efficient link between practical on-the-job learning and cross-organizational knowledge creation.

Adults – especially overcommitted professionals – learn best when they need to. This is worth repeating. Not every reflection opportunity lends itself to this format, but it is worth drawing on this wisdom to make sure that reflection is designed to enable peers to learn together in a way that respects their need for relevance. For reflection that is done as part of preparing for something, it is clear who needs to be involved. But especially when preparing to reflect in ad hoc meetings about past events and, even more so when the purpose is to capture lessons to disseminate to others, finding some relevance to specific immediate or near-term opportunities can greatly amplify the value to participants.

GOOD PRACTICE: QUARTERLY REFLECTION SESSIONS AT THE BARR FOUNDATION

The Barr Foundation has been very deliberate about keeping its program theory central to its work. Rahn Dorsey, Barr's Director of Evaluation explains Barr's rationale:

> *In our work, sometimes things change rapidly. You always have to be responsive and rethink goals and strategies. That's why for urgent issues, we are taking an on-going look at how things are progressing and tweaking our theory or tactics on almost a weekly basis. Thinking of the logic model as a living document is essential. What's happening out there that impacts the work we are funding? What critical decisions are key players making?*

In 2002, as Barr embarked on a path of making more strategic grants, Program officers each created their own logic models and word document narratives, using a consistent template. In 2009, the foundation embarked on a strategic review process of their Education and Environmental portfolios. But in-between these major strategy mileposts, program officers have been encouraged to keep their theory in front of them as they work. Barr's template includes a versioning feature that makes it possible to treat logic models as a living document, rather than a static artifact of a strategy session. "We can keep the whole history of how the logic model has changed over time so that, 20 years later, we can track how our thinking has evolved," explains Roberto Cremonini, Barr's Chief Knowledge and Learning Officer.

Having a clearly articulated, editable theory has made it much easier for staff to make it part of the way they work. Barr links theory to action and reflection in a number of ways:

- Preparation for quarterly board meetings is seen as a learning process for Program Officers, who take the opportunity to review what happened with respect to the program's theory and communicate it to the board in a compelling way.

- The experiences and insights gathered from learning clusters of grantees help Barr test out what is working or not working about program theory.

- Barr's Intranet allows program officers to track versions of a specific theory of change and annotate each version with what has changed and why.

- When making recommendations to the board, program officers are requested to identify the theory of change that a given proposal is aligned with and provide a rationale for how the proposal is going to impact the desired outcomes for that theory of change.

Around seven years ago, the foundation launched a quarterly reflection session for program staff. Each quarter, one program officer was asked to identify a piece of their logic model and bring it to the session. To prepare, Pat Brandes would ask the program officer, "What keeps you up at night about your theory of change?" As she describes it, "learning is not show and tell. To get at real learning, people have to put themselves in a vulnerable place."

It was up to the program officer to decide how to prepare, in order to enable others to engage quickly. Others in the room brought their own experience and dilemmas. Cremonini describes the conversation they had: "You know what my logic model is. You know my tools to have an impact (grantmaking, knowledge, connections). These were my assumptions and this is what I'm observing that

has happened or changed. Therefore, I have this dilemma right now." A short presentation generated a conversation that both helped the program officer identify new ideas, as well as helping the whole staff learn together.

To create the link forward, at the end of the meeting Cremonini asked, "What are you going to do differently based on what we learned together here?" This question was aimed at both the presenting program officer and the rest of the staff. If a program's logic model should be updated based on the conversation, the program officer was encouraged to do that. Even if it was not updated online, Cremonini observed, "it's only the documentation part that was missing. Our program officers actually changed their course of action and did things differently because of what they learned in these quarterly reflections."

This form of peer learning, stimulated by one person's immediate situation is sometimes referred to as a "Peer Assist."[20] Because it both helps improve a current program and gives peers an opportunity to compare their experiences and reflect together, it can be a powerful way to link action learning and growing collective know-how.

The process has evolved over time. At first, the conversation started with a general report out. People felt that they were asked to reflect on too many things in a single meeting. Cremonini recalls that these early conversations were not comfortable. "People held back. They felt like we were asking, 'Tell us where your thinking is failing.' In the meeting, others would say, 'I have the solution for you.' One thing I learned from my role is that, even if I have a solution, it is better to let people discover one on their own." The meetings became more productive as they shifted to focusing on the one aspect of one logic model that the program officer felt was most critical.

Now, the quarterly sessions have been designed to be even more deliberate in closing the loop on learning. They are deliberately linked into the quarterly board presentations, which makes them "less episodic," according to Cremonini and more part of the normal grantmaking work flow. As Cremonini describes the process now:

> The quarterly reflections kick off the quarter in which the board presentation will occur. At the beginning of the year, we look at our desired outcomes for each theory of change and we ask program officers to identify framing questions related to the outcomes. From those questions, we build a learning agenda that is reviewed on an ongoing basis during weekly or by-weekly strategic meetings for each strategic area. The collection of data and reflections gathered around these framing questions throughout the year form the input for the quarterly reflection sessions.

When a team of program officers is scheduled to give a strategy update to the board at the end of a quarter, they are asked to be the focus of the quarterly reflection session at the beginning of that quarter. One of the desired outcomes of the quarterly reflection is a clear understanding of what makes sense to report back to the board at the end of the quarter. "The challenge," observes Cremonini, "is that the board is interested in the very high-level goals...the tip of the pyramid, while the team is often operating right at the bottom of the pyramid." These quarterly reflections become an opportunity to link operational learning to more strategic reflection; to look for larger patterns in reflection with peers.

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[20] See pages 30-31 for a description of Peer Assists.

AN EMERGENT LEARNING AGENDA

One of the challenges is that there's too much to learn. If you try to learn everything, you're going to drown. We want to learn from every grant; every program; every event. It's too much. The biggest challenge is to figure out what the most strategic things to be learned are and letting go of the rest of it.

-- Mary Williams, Lumina Foundation for Education

If the daunting goal of learning through grantmaking is to build the collective capacity of grantmakers and their grantees to produce greater impact, where should they focus their individual and collective attention? How can learning be woven into work? What will it take to translate new insights and innovative experiments into broader know-how?

Learningful organizations that have been at it for a while are able to sift through the many possible questions to learn about, figure out which ones are most critical to tackle, relentlessly focus on the best opportunities on their plate to learn about those few critical questions, and use the insights gained to create a body of know-how that shows up literally in the organization's language, how it makes decisions and how it thinks about next actions.

We observed earlier that foundations over-invest in ad hoc activities and under-invest in making the links between them. An emergent learning agenda is one way to link together the four elements of the grantmaking learning cycle in a way that sustains focus on critical challenges and

routinely applies, tests and refines "lessons learned" through multiple iterations of planning-action-data gathering-reflection-adaptation.

The goal of an effective learning agenda should be that it "builds the suspension bridge;" that it includes both short-term questions and long-term (outcome and impact) questions, and an action learning plan that leaves space to experiment with many different hypotheses about how to get there.

Given the report's findings, what do foundations need to do to effectively use a learning agenda to build the capacity to produce better outcomes? To reduce the risk associated with larger, more strategic investments? Ultimately, to contribute to moving the impact needle? In this section, we describe the elements of an emergent learning agenda and some ways to tackle the kinds of challenges reported by our participating foundations.

FRAMING QUESTIONS: "WHAT WILL IT TAKE TO…?"

In the same way that "what you measure drives what you manage," the frame foundation leaders set for learning drives what people pay attention to. Big, theoretical questions (e.g., "What are the biggest drivers of rural poverty?") lead to big, theoretical conversations. Betsy Campbell of the Rockefeller Brothers Fund has tried it: "Big idea discussions leave people wondering how this is going to help me do my work tomorrow." Summative or retrospective questions (e.g., "Did our choices about which partners to support actually contribute to increased pre-school enrollment?") lead to reflective conversations. Both of these can be very useful conversations at the right time for the right purpose, but we heard that the former can make busy program officers and grantees squirm in their seats, and the latter is useful only in proportion to how well it can inform what's coming next.

Questions that emerge from a stakeholder's general curiosity or what someone has just read about can be fantastically interesting questions. **Yet, just as there are _too many_ good actions to take to achieve an outcome, there are too many good questions to ask.** Just as a foundation needs to choose a strategy that represents a subset of great potential actions, a foundation needs to have the discipline to focus on a few very powerful

questions to avoid getting whipsawed by too many simultaneous lines of inquiry. The very act of holding a dialogue about which questions are important is, in itself, a step toward becoming an organization that learns: "If we could improve our ability to achieve just one thing this year, what would make the biggest difference to our mission?"

Framing Questions focus on the most important "keep us up at night" uncertainties or challenges – those that present the greatest apparent risk to strategy effectiveness. Or they may focus on a foundation's biggest opportunities or leverage points. They set the stage for learning through work, which speeds up the learning cycle and allows program teams to adjust as they go.

In "Connecting the Dots," we observed that there is a weak link between theory and action: between looking back to reflect on the theory that led to the action and looking forward to target when and how insights will be applied. Framing Questions are a way to forge that essential link. Our simple guideline for writing a pragmatic, forward-focused Framing Question for learning is to start with either:

- "What will it take for us to…?" or
- "How can we…?"

For example:

- _What will it take for us to increase the capacity of our network of grantees to make a compelling case for the desired policy changes?_

- _How can we promote outreach, education and advocacy across the region?_

- _Given the economic challenges our state is facing, how can we ensure adequate points of access across the state for preventative, primary, oral and behavioral care?_

- _What will it take for us to help community colleges remove their largest barriers to success in becoming evidence-based?_

Which came first: the theory or the question?

We observed that some foundations find it challenging to craft a complete theory from scratch. For some, the process becomes more of an intellectual exercise required to move a grant through, rather than a statement of what a group really believes to be true and upon which it is prepared to act.

There is a question-and-answer relationship between Framing Questions and theory. For foundations that are challenged to describe theory, or that find that their theory is sitting on the shelf – for any or all of the reasons described previously – an alternative approach would be to let theory emerge from action.

Explicitly or implicitly, underlying every decision that gets made is a hypothesis about effective action: "If we do X, then we expect to get Y result."
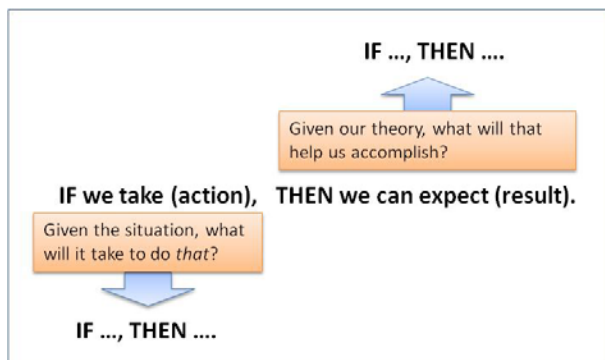
The relationship between theory and action

If foundations get in the habit of asking "what will it take to achieve our goals in this phase of our work?" and writing down and collecting their hypotheses related to their big Framing Questions, a body of theory will begin to emerge. It may be messy at first, but the very process of sorting it out will help the foundation begin to build a framework around which to learn.

Some foundations have a culture that thrives on great questions. We heard that leaders play a big role in what kinds of questions get asked, and in keeping these questions front and center in the course of doing the real work of the foundation. They ask questions that link theory and action, just in time to inform current work. Mary Reynolds Babcock Foundation gave us a good example of how a few questions, which may change from year to year, inform their learning through grantmaking.

ACTION LEARNING PLAN

As we heard from foundations, the intention to learn is not by itself enough to make it happen. An action learning plan takes each Framing Question and lays out specific steps to weave learning about the question into implementation planning. An action learning plan:

1. Picks the best action learning opportunities from among the whole plate of planned activities that make up a program;

2. Builds in a step of reminding everyone of their thinking about what will make them succeed before these key actions, so that they are transformed into learning experiments;

3. Specifies when and how the group will reflect on those actions and their results; and

4. Provides a means to link this reflection back to theory and forward to inform future actions.

Speeding up the cycle: Before and After Action Reviews

We talked about how the role of evaluation is evolving from focusing primarily on external accountability to focusing more on providing the basis for learning and making more informed decisions in grantmaking. We made the case that, by using more real-time evaluation to help speed up the

learning cycle, adaptation becomes more transparent and less painful. But we also heard that the mere presence of data does not ensure that learning will happen.

An action learning plan looks for the natural "punctuation points" in a workflow and uses them to prompt learning activities. Board preparation may be the most ubiquitous grantmaking punctuation point. The Barr Foundation and the Graustein Memorial Fund, among others, have leveraged this opportunity to strengthen their learning muscle. Grantee contracting and reporting, convenings – even preparing to meet with peers at conferences – can serve as punctuation points for learning.

Before Action Reviews (BAR) and After Action Reviews (AAR) are a simple discipline being adopted by some foundations to speed up the learning cycle. BARs help everyone involved to remind themselves before walking into action about their intended short- and longer-term outcomes and what their thinking is about what it will take to get there. AARs help them *briefly* but deliberately reflect just after an activity about whether their thinking and actions moved them toward their intended outcomes and what they intend to sustain or improve through the next set of actions.[21]

Because foundation grantmaking cycles are much longer and slower than grant implementation work cycles, it might be helpful to consider the punctuation points of the work of the grant itself, which are even more frequent and closer to the ground (e.g., the school year calendar). How can program officers and grantees quickly and easily capture and reflect on "news and insights" about the work itself as it happens, rather than waiting until an annual review (or longer) to reflect on everything that has happened in the grant?

GROWING KNOW-HOW PLAN

Technology and our growing understanding about how social change actually happens (i.e., in non-hierarchical, autonomous but interconnected groups) has upended our thinking about the word "knowledge." We prefer to use the term "growing know-how" rather than "knowledge management" for several reasons:

1. It is less static. The term "knowledge management" implies that there is an asset – a piece of knowledge — that can be captured and managed.

2. "Growing know-how" implies a shared community responsibility, not a responsibility that can be given to one manager to manage.

3. Know-how is about application to real work, not an abstraction.

The Graustein Fund has a very enlightened view of developing knowledge:

> *Knowledge development at the Memorial Fund attempts to be about: meaning making, not just information gathering; conversations about data, not just data collecting; participation and sharing in knowledge activities, not just report writing; and contributions to the fields of philanthropy, education and community change benefiting children, not just internal discussion.*

What a plan to grow know-how should include will depend on the type of grantmaking, the questions asked, who is doing the learning, what technology is available and other

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21 For more information about AARs and BARs, see "Learning in the Thick of It" (ibid), or www.emergentlearning.com.

factors.[22] Using the challenges we heard as a guide, we offer a few ideas to consider in the context of learning through grantmaking to improve impact:

1. Focus growing know-how around theory

2. Learn how to learn from failures

3. Find a better trade balance between you and your know-how "trading partners"

Focus growing know-how around theory

One of the most fundamental challenges organizations face as they make the effort to capture what they have learned has always been getting people to use it: another manifestation of the weak link we described above. Information can be hard to find; program successes may sound good, but may not translate easily to other environments.

Yet even in a 2.0 world, if nothing gets captured and brought into the community to reflect on, it quickly dissipates. New technologies and new ways of working are helping dispel the notion that useful knowledge can get captured, stored and replicated as distinct "assets." What *can* get captured – and more easily – is nuggets of "news and insight;" bits and pieces that might reveal a curious pattern; a new question; a new way of looking at a problem. Consistent with the idea that growing know-how is an active process that requires making our own meaning through reflection *and* testing it out through action, what matters is that foundations and their communities find ways to make it easy for program officers, grantees and other stakeholders to capture these nuggets of news and

insight in a single place, and find natural points in the work process to reflect on what has been collected.

We believe that the organizing principle for this process is important. As we reported, the Barr Foundation is experimenting with capturing these nuggets around elements of their theory, rather than by grant portfolio, which makes it much easier to reflect on than having to sort out a jumble of disconnected puzzle pieces. If foundations are able to identify those parts of the theory that are most uncertain or highest leverage, and keep framing questions related to them actively in sight, then as everyone goes about their work, they are more likely to notice these nuggets and know that they will be useful to add to the collection. It is also one more way in which theory remains visible and linked to work.

Learn how to learn from failures

As the focus on demonstrating impact has increased, philanthropy has become serious about recognizing and learning from failures and disappointing results. Learning from philanthropic failures is challenging for a number of reasons.

In a recent Center for Effective Philanthropy guest blog post, Bob Hughes, VP and Chief Learning Officer for Robert Wood Johnson Foundation, observed that "failures can puncture deeply held beliefs about what works and why in bringing about social change. They can generate conflict and disagreement among people with common aims and values." He observed that "failures involve people, institutions and reputations that might be harmed through

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22 In "Working Wikily 2.0," Diana Scearce, Gabriel Kasper and Heather McLeod Grant describe how new technology and new ways of working in networks are coming together to produce social change. www.workingwikily.net.

full disclosure. Failures have the risk of jeopardizing future funding."[23]

Even recognizing the need to learn from failures can be a challenge. As we mentioned earlier, some of the events from which the most powerful learning might emerge may seem inconsequential or too routine to merit reflection. There is also pressure, rightly so, to protect the reputation of grantees that are doing their best with limited resources.

What about when theory is implicit? In his blog post, Hughes distinguishes between charity and strategic philanthropy by commenting that "if it is not possible to fail, it is not possible to judge effectiveness." If a foundation's programs lack an explicit theory and outcomes, or effective evaluation against them, failures may go unnoticed in the first place, or be easily rationalized and set aside.

When disappointing results are not addressed early, it creates a vicious cycle: their significance grows and it becomes more and more difficult to bring them into the light. We heard examples of bad news becoming linked to individual personalities, rather than being seen as they should be – as decisions and actions that need to be learned from.

Even when a failure (or a success, for that matter) becomes the focus of reflection, learning from any single story can be challenging. There is a tendency to over-learn on the one hand (the cat that, once burned, refuses to go into the kitchen), or to write it off on the other ("that was then; this is now"). This tendency is amplified when the emotions

accompanying a painful failure cry out to "not make that mistake again."

Organizations tend to "fix" a failure by tossing out the "failed" approach and replacing it with another. This classic baby-and-the-bathwater mistake leads foundations to oscillate back and forth between fads. Even if it improves results, swapping out approaches is not the same as learning. And if the reason for the failure was not the approach, but the execution of it, what lesson does the foundation learn? For a foundation to learn from such a change requires that staff reflect on what it was about the situation that made one approach work better than another, or what else might have contributed to the failure, and to form a hypothesis about which approaches work in which situations – to build the tool box, rather than discarding tools along the path.[24]

What does it take, then, to truly learn from a failure?
There is an art to generating the kind of robust insights from experience that lead to better practice and greater impact. Consider a notion that we discovered in previous research: In a complex environment, the first lesson learned is typically "*wrong*," in the sense that it is not complete enough, in its first pass, to ensure future success. Or it creates unanticipated and unacceptable consequences.[25]

There is little information contained in a single failure about what *will* work. The most realistic thing to learn from a single failure or success, therefore, is a set of pointers about patterns that might present themselves in future programs.

23 Hughes, "Can Failure Be the Key to Foundation Effectiveness?" www.effectivephilanthropy.org/blog., Jan 11, 2010.

24 Argyris and Schon's idea, described earlier, of single- and double-loop learning originated in the work of Gregory Bateson, who described this "replacement of premises" error in his seminal (but impenetrable) article, "The Logical Categories of Learning and Communication," included in Steps to an Ecology of Mind, 1972, Ballentine.

25 "Learning In the Thick of It," (ibid).

Rather than thinking of them as "lessons *learned*," they might be better thought of as "lessons *to be* learned." What should we be looking for next time that might lead us toward success or failure?

The most powerful way to learn from either a failure or a success is to compare it with other similar situations to discover more robust insights. Using comparison also relieves the pressure of learning from a single, painful failure. Why did this approach work here and not there? Were there similar reasons why these two programs failed/succeeded or did they both fail/succeed for different reasons? If so, what should we really learn from them? To that end, if done in a safe, trusting environment where decisions and actions can be reflected on openly, reflection can help uncover deeper insights.

Several foundations have experimented with holding "failure forums:" meetings with peers inside or across foundations to talk explicitly about their failures and what they have learned from them.[26] These forums create safety in numbers. If everyone else is expected to talk about their failures, it becomes easier to share one's own. In the process, participants can use comparison to strengthen their insights about their own failures.

Find a better trade balance between you and your know-how "trading partners"

It is a particular strength of the field of philanthropy that foundations aspire to learn from and with their peers. This aspiration has resulted in the formation of many global, national and regional associations devoted to bringing peers together. We heard a lot about the importance of growing collective knowledge in the field. *However*... **most of what we heard talked about was how foundations were going about sharing what they have learned with their peers, not how they plan to learn from their peers' experiences.**

We have talked about how sharing "lessons learned" and growing know-how are not equivalent, and how reflecting for the purpose of dissemination is not perceived by participants as a valuable use of their time. Going back again to our definition of a lesson learned as involving both changing behavior and tracking results to validate thinking and action, the act of sharing a story or a lesson learned on a website or at a conference cannot be the end of the sentence.

If the weak link is between the lesson and its application, then foundations need to invest as much or more on learning from lessons as it does on publishing them. The collective know-how of the field of philanthropy would, we propose, grow much more quickly if foundations increased their investment in the end of the sentence – in reflecting on the ideas offered by their peers, setting up deliberate experiments to try them out, and bringing new insights from those experiments back to the field.

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26 Robert Wood Johnson Foundation hosted a GEO peer learning event on learning from failures in June 2008.

CLOSING THE LOOP

This all takes a level of discipline that it's hard to maintain. We can come up with the greatest dashboards, logic models, learning agendas. It takes discipline to look at them and say, 'What is our outcome?'

-- Jane Donahue, Deaconess Foundation

A learning agenda helps make program staff and grantees more attentive to learning opportunities that might otherwise pass unnoticed. It can stimulate a more strategic dialogue with grantees and intermediaries about their respective theories of change and indicators, and create a more regular information flow between grantees and foundation staff. It makes building a learning discipline easier to do, and staff less resistant, because learning is in service of the real work that is at the heart of the foundation's work.

The better a foundation gets at closing the learning loop, the more innovative and emergent it can be in accommodating new thinking. It allows the space for – and even encourages – "competing" hypotheses to be explored simultaneously or in faster sequence. A clear learning agenda helps a foundation mitigate the risks involved in "placing its full heft" behind new, more strategic approaches to social change.

RECOMMENDATIONS

Learning is one of Barr's values. The embracing of it is there. The living of it is tough. No one does it all.
– Roberto Cremonini

In our research, we heard many good practices that worked because of the unique characteristics of the foundations that had discovered them. *There is no one best practice that fits every situation.* Here are a few simple ideas that this research suggests as a starting point.

Involve potential grantees and other stakeholders in creating program theory.

Whenever possible, involve people who represent all parts of the change you are aiming to achieve in thinking through what short and long-term outcomes will look like and what it will take to get there. Working collaboratively to create theory not only enriches it; it creates greater understanding of intermediate and long-term outcomes; and broader ownership and accountability for getting there and learning together along the path. To keep theory from becoming too complex, write it in layers that represent different "nodes" in the network of people involved in creating change (foundation leaders, program teams, grantees, intermediaries, communities). If you are mid-course in a program with theory that is out-of-date, start from where you are and work with grantees to articulate the hypotheses ("if we do X, then we will get Y") that are driving current decisions.

Keep theory visible and editable.

The moment the theory you put on paper (theory of change, logic models, etc.) disconnects with your theory in action, it loses its value as a compass for your learning process. Refer to your theory often – during program implementation planning, as you choose grantees and contract with them, as you prepare presentations to your board. Remember that there are no "right" solutions...at least not for long. Don't be afraid to revise theory if it doesn't reflect the choices you are making; the actions you are taking; the way you will recognize program success. Use versioning to track how your thinking has evolved over the course of the grant program.

Use Framing Questions to turn key actions into learning experiments.

As you plan the next critical step of action in a program – whether it is a grant decision or a peer learning workshop or a meeting with a public official, ask yourselves what little arrow in your theory this piece of action supports. With others who will be responsible to implement the plan, think about the situation and all of the variables that could impact your success. Turn that into a Framing Question and consciously state your shared hypothesis about what it will take to succeed. Walk into the work with a shared intention to learn from it. Afterwards, take the (short) time it takes to ask yourselves: "Did we do what we said we were going to do? If so, did our thinking prove out? What would we do the same or differently next time?" Building this "just-in-time" and "fit-for-purpose"

learning into implementation speeds up the learning cycle and reduces the risk related to big, strategic investments.

Create information flows between grantees and foundation staff during implementation.

Strive to hone in on the Framing Questions that are most important for both grantees and the foundation to learn from. Pay attention to the "news and insights" related to those questions and find ways to capture (or "tweet") what is happening and link that information into those Framing Questions – something as simple as a virtual or physical file folder, or a blog, is a starting point. Create a process for bringing the news and insights in front of program staff to discuss on a regular basis.

Use a complement of internal and external, real-time and summative evaluation to support learning.

Find ways to have your evaluation and action learning plans support each other. Develop an evaluation plan that integrates summative and real-time evaluation. Feed data from observation and real-time evaluation back to the larger evaluation process. Aim to be able to report in the summative program evaluation, not just about what you collectively accomplished, but what you learned along the path as you ran into challenges and course-corrected – insights that might help you deal with similar challenges in future programs.

Focus on learning around the "little arrows" to strengthen the building blocks of your craft.

Think of the little arrows in your theory as really big spaces for experimentation and innovation.[27] Develop the discipline to focus on the most critical arrows and "peel the onion" about what works when to accomplish what.

Like meteorologists, search for patterns that are predictable. Your goal should be to be able to approach a new situation with enough understanding to predict well which tool to use in that situation to move toward your outcomes. And when something doesn't work, to have the courage to think together about what happened and why and what to do differently in the future.

Reflect not just on actions, but on the theory behind them.

Be sure that when you declare "success," it is not just because you completed a task; provided X number of grantees with training; or the board is happy. Use reflection to test your thinking as well as your actions; to do the deeper double-loop learning that will build the foundation's capacity to think through complex challenges in the future. If what worked is different from your theory, consider revising it. If it represents a refinement of what the theory or implementation plan described, be sure to document it.

Use a learning agenda to guide who should reflect when, for whose benefit.

To be respectful of everyone's time, don't allow yourself to ask people to reflect without first knowing when and where insights gained can be applied to improve future work. Having a "customer" in mind before designing reflection time may change the quality of questions you ask or what part of a program or activity you want to reflect on. Use Peer Assists to link action learning and growing know-how. If planning reflection to "capture and disseminate lessons learned," try to discover your own next opportunity and be sure that someone who will be doing that work is involved in the reflection.

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27 See page 24 for discussion of the "little arrows" in theory.

RECOMMENDATIONS FOR LEADERS

Get good as a foundation at figuring out what the important questions are.

Knowing what your most important learning questions are is part of being strategic. There will always be too much to do and too much to learn. A foundation's very inquisitiveness may lead it to ask lots of questions as they come to mind, but it may lack the disciplined follow-through to learn effectively from them. If staff feels whipsawed by random but seemingly important questions – especially if they come from the board, they will grow weary of the quest. In organizations with complex and ambitious missions, the most effective leaders do not tell their staff what to do. They keep the long-term outcomes in sight and help their staff to keep their own eyes trained on the horizon, so that the intelligence and experience of the whole foundation can be brought to the task of discovering a way through the woods.

Learn how to learn from failures.

Particularly in philanthropy, it is heartbreaking to invest millions of dollars in a program to create social change, only to have it fail for preventable reasons. It is even worse to see the next program fail for similar reasons because a foundation has not learned from the last time. Does your staff feel safe raising concerns or bad news? Do they feel comfortable talking honestly with their peers about disappointing results? **Leaders create the climate.** They create safe spaces for honest reflection. They reward the people on their staff who are willing to learn from their mistakes, and they lead the way by their own honesty.

Close the loop.

There will always be an urgent priority pulling your time and budget away from investing in rigorous evaluations and making meaning from past results. We heard that if leaders don't insist on closing the loop, staff members begin to doubt the foundation's commitment to learning. As much as it is impossible to attribute direct causal responsibility for creating long-term impact on complex social problems, there is much to learn about what the foundation did, and will do in the future, to contribute to producing the kind of impact that brings people to work every day.

Be humble and curious.

We heard that foundation disease is still rampant. Hubris creates a vicious cycle where the rightness of the foundation's theory reduces feedback and delays the adjustments that can help a program succeed. It results in unnecessary "divorces" with grantees and disheartened program staff. Leaders can set the tone of humility and curiosity that creates a virtuous cycle where there are no right answers...only hypotheses to be tested; where program staff and grantees keep the important questions in mind and are conscious about learning through action.

Don't call yourself a "learning organization."

Foundations need to be more skeptical about the value of learning. Well-intended organizations that want to do the right thing often embrace "being a learning organization" as a goal without completely understanding why. Those organizations tend to over-invest in learning activities for their own sake. Calling yourself a learning organization without having a clear rationale to back it up can create an immune response. We believe that a good dose of skepticism and a rigorous "due diligence" process would help many organizations create learning practices that are more focused and fit-for-purpose – practices that would be more welcomed by well-intentioned but over-committed program staff.

POSTSCRIPT

The going-in purpose of this research was to inform the development of Emergent Learning tools to support more powerful learning through grantmaking to improve impact. As is so often the case, our going-in notions about what would be most helpful were wrong.

What we take away from this research: Foundations need tools that make it easier to bring "news and insights" from programs back into the foundation and make meaning of them. They need easier ways to generate theory from grantmaking decisions and actions; ways to collect data around the little arrows, including pulling together data from across programs; ticklers to help busy staff remember to use the punctuation points in their work to strengthen the links; to close the learning loop.

The field as a whole needs ways to make it easier for foundations to grow know-how with their peers; to collaborate on identifying the important Framing Questions they hold in common and easy ways to gather and learn from the news and insights generated by, and captured from, the entire community.

This research also explored the evolving relationship between foundations and their grantees: from banker to capacity-builder to "strategy buddy." Part two of this project will explore this evolving relationship and what it means for how we learn together. Please contact us to keep informed about this next chapter. Send a request to: marilyn@4qpartners.com to be put on the notification list.

There is much work to do. We eagerly welcome readers to share tools and practices that help in these areas and will be most happy to share those ideas with your peers through our website dedicated to Emergent Learning in philanthropies and the non-profits they support: www.4qpartners.com.

FOURTH QUADRANT PARTNERS, LLC

Fourth Quadrant Partners helps organizations, collaborations and networks in the social sector strengthen their strategies for learning in complex and changing environments. We help our clients to bolster results today while building their adaptive capacity to improve results tomorrow.

Our research led to the creation of the field of Emergent Learning, which focuses on what it takes for teams, organizations, communities and networks to learn faster and better about, from, and within the work itself. In the social sector, that means learning in partnership with everyone who has a role in the social change the community aspires to create.

We pride ourselves on the way we work as thinking partners with our clients, helping them to build on their strengths and to focus on the few changes that would make the greatest difference to their results, given their mission and the complex worlds in which they work.

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