The Pfizer Foundation (The Foundation) is a charitable organization established by Pfizer Inc. It is a separate legal entity from Pfizer Inc. with distinct legal restrictions. The Foundation launched its Health Delivery and Social Innovation portfolio with the intention to broaden the use of its resources to magnify public health impact. The goal is to improve healthcare delivery and access for low-income populations by supporting healthcare entrepreneurs and enterprises and fostering local innovation.

The Foundation has implemented this strategy using two mechanisms: impact investing that seeks to generate social impact, and catalytic grant making. The Foundation’s Global Health Innovation Grants were launched in 2016 to help support promising innovations that improve access to quality healthcare for underserved populations in Africa, Asia, and Latin America.

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The Pfizer Foundation's Global Health Innovation Grants (GHIG) program funds social enterprises to expand proven global health innovations that address critical health challenges. In 2017-18, the second year of the GHIG program (GHIG2), the Foundation provided twenty organizations with awards of $100,000 each to support specific projects that could be accomplished within one year. Of the twenty grantees, four faced significant setbacks to their proposed projects, and had to pivot (i.e. make significant project or business model revisions) by the second or third quarter of the grant period.

Drawing on a review of the literature as well as interviews with these four grantees, this paper explores common reasons for pivoting, challenges faced during the process of change, and strategies to address these challenges. A recurrent theme that emerged in all pivots was the fundamental importance of defining, monitoring, and measuring the right indicators to understand the need to pivot, as well as to develop a strategy for pivoting.

Based primarily on the cases of four GHIG grantees, this is not a comprehensive review of pivots. Rather, the report highlights how organizations can emerge from setbacks by identifying improvements needed to move along the path towards scale and sustainability. The report is organized as follows. First, we provide an overview of the GHIG program, including its second cohort of grantees. Second, we briefly describe pivots based on the literature, followed by a description of the specific pivots of the four GHIG grantees. Next, we examine some of the challenges that organizations face when pivoting and offer suggestions to address these challenges.

**Pivoting refers to:**

1. Strategically changing significant elements of an organization's business model, which may include changes to the product or service, the team, the revenue model, or the target customer

2. Funding, time, impact on employees, patients, and beneficiaries, and measuring success consistently and continuously are all key considerations when implementing a pivot

**Common reasons for pivoting that emerged from our study can be grouped in two categories:**

1. Internal organizational factors such as ineffective business model or strategies to reach the target market

2. Extrinsic ecosystem factors such as an uncertain political or policy environment

**We identified three challenges that innovators face when pivoting:**

1. Balancing the implications of the pivot for internal and external stakeholders with the organization’s needs

2. Delays in meeting milestones and targets

3. Leadership may feel isolated with few trusted mentors to provide guidance through rough times

**We also offer practical recommendations to address these challenges:**

1. Have transparent and candid conversations with employees and funders early in the process, and communicate changes clearly to customers

2. Identify and measure key indicators to assess progress and further need for iteration

3. Develop a cluster of trusted mentors and professional supporters
INTRODUCTION

The Pfizer Foundation’s Global Health Innovation Grants (GHIG) program funds social enterprises to expand proven global health innovations that address critical health challenges. Since the pilot in 2016, the GHIG program has invested more than $5 million through three rounds of one-year, $100,000 grants to organizations operating in Asia, Africa, and Latin America. Innovations in Healthcare partners with the Pfizer Foundation to monitor grantee progress, collect and synthesize project metrics, and curate results at the end of each grant period.

In the second year of the GHIG program (GHIG2, 2017-2018), the Foundation selected twenty organizations to support specific projects that could be accomplished within one year. With an overarching goal to improve healthcare access in low-resource settings, the Foundation funded projects across three focus areas:

- **Primary healthcare (PC)**
- **Maternal and child healthcare (MCH)**
- **Healthcare technology (focusing on mHealth and diagnostics)**

At the end of the grant period, twelve out of the twenty grantee organizations had completed over 80% of planned activities within the grant period. Half of the remaining eight grantees experienced minor delays in completing program activities, while the other half faced several setbacks to their proposed projects, and had to devise significantly different projects by the second or third quarter of the grant.

This report explores in depth the roadblocks, strategies, and impact of the four grantees that had to change course from their original projects or existing business models. These grantees span diverse geographies, business models, and health focus areas, and their experiences can provide insights to others working in global health innovation on recognizing when and how to make pivots, or structural changes, to a business.

This report identifies common reasons for pivoting, challenges faced during the process of change, and strategies to address these challenges. The analysis draws on conversations and interviews conducted by the Innovations in Healthcare research team as part of the GHIG program evaluation. Based primarily on four cases, this is not a comprehensive review of pivots; rather, the report highlights how organizations can emerge from setbacks by identifying improvements needed to move along the path towards scale and sustainability.
METHODOLOGY

As the program evaluation partner to Pfizer Foundation on GHIG, Innovations in Healthcare conducts quarterly check-in calls with all of the GHIG grantees. Through these calls, we learn in real time of the challenges that grantees face as they implement their projects. While conducting these regularly scheduled calls, our team learned of the pivots being developed by four of the grantees and recognized the broad insights that could be shared from their experiences. Our review of the literature provided more context about pivots in general and informed our subsequent interview and analysis process. Following the end of the grant period, we conducted semi-structured interviews with each of the four grantees to explore their pivot experience in more detail. Thematic analyses of the interview data identified common elements and insights into the reasons for and challenges while pivoting.

WHAT IS PIVOTING?

The path to successful innovation is rarely linear. In fact, it is generally unusual for an innovator to get it right on the first go. But when it comes to entrepreneurs, what often differentiates the successful from the unsuccessful is the ability to fail fast and pivot. In the world of innovation, pivoting refers to strategically changing significant elements of the model, which may include changes to the product or service, the team, the revenue model, or the target customer (Bajwa, Wang, Nguyen & Abrahamsson, 2017).

While undergoing a strategic pivot can be a game-changer that unlocks growth, innovators must weigh the pros and cons before, during, and after a pivot. For example, pivoting requires both funding and time – resources that tend to be scarce for any entrepreneur. Budget and staff time must be re-allocated from ongoing operations and invested into changing strategies. But recognizing the need to pivot early can ultimately save investors, leadership teams, and employees from channeling limited resources into a non-impactful business (Ries, 2011).

Impact-oriented entrepreneurs also have their intended beneficiaries to consider – what effect will pivoting have on the people they are striving to help? While pivoting does not always require shifting to a new customer segment, when it does, it may pose a moral dilemma. However, it is important to focus on the overall impact of the organization. Pivoting is a powerful way for a social enterprise to improve its strategy and create even greater impact (Ries, 2011), even if the demographic target is shifted.

For all of these reasons, it is critical to thoroughly monitor and evaluate any project or business model from the outset. The pathway to scale and developing successful strategies are rarely feasible without a sound program monitoring and evaluation strategy. A recurrent theme that emerged in this research was the fundamental importance of defining, monitoring, and measuring the right indicators to understand the need to pivot, as well as to develop a strategy for pivoting quickly and efficiently. If evaluated properly through a rigorous process of pre-defining milestones and tracking key metrics throughout the project, organizations can more easily recognize when a pivot might be required, use relevant and targeted evidence to inform the direction of the pivot, and measure subsequent impact (Ries, 2011).

Engaging in the pivoting process – from recognizing the need to pivot to overcoming challenges during the process – is no small feat for many innovators. Therefore, insights from those in the field who have managed to strategically and successfully navigate this process serve as a helpful resource for those considering a pivot.
OVERVIEW OF FOUR GHIG GRANTEE PIVOTS

**AccuHealth**
AccuHealth received funding from Pfizer Foundation’s GHIG program to pilot an innovative tele-monitoring program with over 500 patients in Chile. This plan relied on involvement of the central Chilean government. After a mid-term election resulted in a change of the central administration’s priorities, the telemonitoring program had to be stopped. In response, AccuHealth’s management shifted the pilot to a new population with similar social and economic characteristics that could provide project continuity. This pivot required discontinuing service to many of AccuHealth’s previous beneficiaries, which involved communicating changes to them with the signed approval of the central authority. However, it ultimately enabled the company to develop partnerships with county-level governments, which the management team believes will ensure greater consistency in future decision-making.

**Penda Health**
Penda Health’s GHIG-funded project was to establish “health points” in Kenya. A health point is similar to a retail pharmacy but offers basic consultations to customers to help them get correct medications in addition to providing drugs. Through continuous monitoring of the project, the management team identified a lower than expected number of repeat customers. Further investigation revealed issues with stock outs (unavailability of medicines at the point of sale) and difficulty establishing competitive price points. In response, the organization had to shut down the health points, and pivot to focus on the development of a stronger supply chain for drugs and medicines. Although this switch was not easy – for example, it resulted in difficult conversations with investors and staff – building supply chain capacity will be critical to the success of Penda Health’s work as an organization, enabling them to create a larger overall impact.

**Salud Cercana**
Salud Cercana’s project aimed to provide a bundle of services by leveraging technology platforms through their clinics for low-income patients in Mexico who are at risk of developing cardiovascular disease. Salud Cercana quickly discovered that physical clinics were very resource-intensive. Therefore, the organization pivoted from providing their services through a brick and mortar clinic system. Instead, they reframed their offering as a corporate healthcare provider that would hire and manage physicians who provide healthcare to employees. This pivot would allow the organization to train general practitioners to better detect and manage chronic illnesses of low- and middle-income patients employed in client organizations. While undertaking this move, Salud Cercana discovered a strong interest from insurance companies in working with corporate healthcare providers. Subsequently, Salud Cercana underwent another pivot to create a flexible health spending account system within the model of providing corporate healthcare to further increase the organization’s sustainability and impact. While these changes have taken time and resources to complete, they have strengthened the organization’s ability to create meaningful impact on the health outcomes for bottom-of-the-pyramid patients in Mexico.

**Swasth Foundation**
Swasth Foundation’s original GHIG program to detect, diagnose, and treat childhood malnutrition fell short of the anticipated impact due to low rates of program participation and adherence. The second iteration of the program sought to empower mothers through placing greater emphasis on education of mothers on nutrition rather than malnutrition, and charged a small fee to ensure the program was valued by mothers. Through carefully working to restructure its program, Swasth Foundation has been able to create a sustainable and culturally relevant health intervention.
COMMON REASONS FOR PIVOTING

To understand the challenges that organizations face during a pivot, it is essential to first review the broad reasons for organizations to pivot in the first place. Based on interviews with the four GHIG grantees who pivoted, we learned that issues prompting a structural change to a business model can typically be grouped as intrinsic or extrinsic to the organization. We highlight examples within each of these two categories that prompt organizations to change course.

1. Organizational factors

Particularly for startups, it can take a few tries to get traction on business model, strategy, and customer segmentation. A common theme for pivoting that emerged from our interviews was that organizations realized that their business model or operating strategy is not effective in achieving their stated mission. Three out of the four organizations realized quickly, through their data collection and measurement efforts, that their proposed program and strategy to implement it were just not working in the market. Therefore, they had to fundamentally change their model, strategy, or market offering.

For instance, Penda Health realized early on in their grant activities that their health points were not attracting patients in the numbers that they had hoped for. Similarly, Salud Cercana identified a better niche for themselves as a healthcare provider in the flexible spending account market in partnership with insurance companies.

Relatedly, the global health innovators we spoke with noted that oftentimes, their organization was not ready to do what they planned to do, the market was not ready for their innovation, stigma or patient perceptions created barriers, or they had not considered all of the interconnected elements of their program within the ecosystem. While childhood malnutrition is a salient issue in India, Swasth Foundation did not anticipate that urban mothers were not willing to see their child as malnourished. Their continuous data collection efforts helped them see that their program was not succeeding, and work together as a team to identify a path forward.

In fact, premature implementation of an innovation is a commonly cited reason for pivoting across many different sectors. Most often, this realization comes a few months into implementation when success metrics demonstrate lower than anticipated results. As organization leaders and staff recognize that they are not meeting the needs of their target customers, they have to make the tough decision of pausing implementation to adapt the strategy or model.

Adapting or changing the strategic direction of the organization involves soul-searching to assess strategies and reorient them around the mission. Equally important, it involves listening to and understanding the needs of the target market and meeting the customer where she is. Of utmost importance, and probably the most difficult for many entrepreneurs, is admitting that the original strategy was a mistake, digging deeper to understand why, and making the decision to redirect resources and time to a more fruitful endeavor.

2. Larger ecosystem factors

Innovators have to contend with more than just market realities when deciding to change direction. They must also pay close attention to the external political, social, economic, and technological factors that shape the environment in which their organizations operate (Bajwa, Wang, Nguyen & Abrahamsson, 2017).

In particular, political contingencies and the regulatory environment often influence entrepreneurial opportunities, and innovators have to change course in a shifting environment. For example, changes in policy regarding technology regulation, health financing, or health worker credentialing can all significantly impact global health innovations. When governments change hands, organizations may have to start over from scratch to rebuild critical partnerships. In the case of AccuHealth, when there was a change in the central government’s priorities, they had to establish new relationships with county-level governments to be able to continue their project. Because forming solid partnerships takes time and persistence, these kinds of extrinsic factors can sometimes derail project activities until stable patterns in new relationships emerge.

More drastically, operating in some geographies means facing violence or threat of extortion. For example, while operating brick and mortar clinics, employees at Salud Cercana were exposed to insecure working conditions, including extortion. Twice within an 18-month period Salud Cercana was forced to make cash payments to a government official in order to maintain its operating permit. Employees did not face any physical violence during these occurrences; however, organization leadership feared that they would soon be at greater risk if they did not continue to cooperate with the official’s demands. After careful consideration of how to continue delivering valuable services while facing these ecosystem challenges, Salud Cercana pivoted from operating through physical clinics to managing doctors inside enterprises. Faced with such unplanned external exigencies, innovators have to quickly come up with practical solutions by leveraging the opportunities at hand to keep operations running with minimal disruption.
ADDRESSING CHALLENGES FACED DURING A PIVOT

1. Implications for internal and external stakeholders

Transitions are rough – for the organization, its leadership, staff, investors, and intended beneficiaries. For all four innovator organizations highlighted here, the process of pivoting has been an emotional journey. For the organizational leaders, it was difficult to let go of their commitment to the original strategy and to admit that it was not working. But the change in strategy also meant making other tough decisions. From our interviews, we learned that innovators had to let go of key employees who were no longer relevant to operations, either to minimize expenses as they redirected the model or because of misalignment with business mission.

Staff turnover always has an effect on morale, particularly in times of uncertainty and retrenchment. However, many leaders recognize that transitions provide a vital opportunity to infuse the organization with new talent and support its transition with critical skills not available in their workforce. Establishing the right foundations, such as building a team with the necessary skillsets, can be a challenge for many social entrepreneurs, but is absolutely critical for a successful pivot (Worsham, Clark & Fehrman, 2017).

For instance, Penda Health saw a big opportunity to extend the medical center into the community through their health points, which would serve as a one-stop shop for primary health care needs from diagnosis to referral for medication. However, midway through the operation, they noticed that even with a new service to fulfil a previously unmet need, people were “cost-sensitive, and cared about stock availability and price points.” With a broken supply chain, they faced frequent stock outs resulting in price points that were not aligned with what customers were willing to pay.

Penda leadership “realized that they needed to make a fundamental change to the supply chain” in order to meet patient needs in the community. While the leadership had to get consensus from the management team around the new supply chain model, and staff reorganization, once they made the difficult choice of both pivoting and letting go of staff, they realized that “it wasn’t difficult to move forward.”

In addition to the impact on staff, changing the service offering may mean that patients suddenly find themselves without a healthcare provider. For AccuHealth, moving from a program that had the support of the central government to laying the foundation with the local county health teams meant that its management had to devise new ways to keep their business partly afloat in some form to retain at least some of their patients from the initial plan. Their biggest concern was to ensure continuity so that patients did not lose access to services. When staff realized that management was committed to the program regardless of the changes, they provided their support to ensure the stability of the program.

Recommendations

It is important for organizational leadership to have candid and transparent communication with their employees, investors and patients, so that fears are allayed and rumors put to rest. As some innovators learned, informing staff at the very end without warning could cause anxiety during the process of transition, and lead to disgruntled employees. Rather, our research suggests that providing early information to the team and embracing feedback while working on iterations is a stronger strategy. Further, being intentional and strategic about the kind of talent needed for the revised strategy is seen as critical, in terms of both finding new talent and letting go of redundant skills.

Similarly, it is also important to keep investors and other funders in the loop, as they push the innovators to think through options to maximize the organizational shift. Funders may be able to provide strategic resources or mentorship throughout the pivoting process. Communicating early and proactively can help maintain trust and ensure that the organization receives appropriate support.

Once decisions have been made, organizations should communicate clearly with customers and other beneficiaries. Ensuring they are informed appropriately will go a long way in holding their trust and increasing the likelihood of their return to the organization even after its transitions.
2. Delayed milestones and targets

All of the innovators we spoke to experienced delays in implementing revised project activities, which affected their ability to achieve milestones and results within the project duration. They were also unified in their approach of pausing to understand root causes of their ineffective strategies rather than trying to proceed with something that was clearly not working.

While delays are daunting, particularly in the case of funded projects, continuing to plod along with a faulty strategy could be more costly in the near and far term, and could also represent a missed opportunity to learn from mistakes. When innovators realized that their strategy was not working, they found it beneficial to reflect on why, and to discuss the issues with their team.

Swasth Foundation had identified a clear need in the slums of Mumbai to help mothers of malnourished children with appropriate diagnosis and treatment plans. However, they had not recognized that correcting mothers’ approach to diet for their kids in the age of fast foods would require significant education and behavior change. When they saw the lack of interest among mothers in the community for their program, they decided to gather data and inputs from the community rather than continue with an ineffective program. This allowed them to connect with community members as well as their staff, a move that offered fresh insights. Importantly, it allowed them to design a more effective program based on their learnings, even though it meant reaching a smaller proportion of children than in their original program.

Recommendations

While it is not optimal to continue working on a product or service that is not meeting a need, the alternative of pivoting and reporting delayed (or no) milestones could be disheartening. However, in order to avoid facing a similar challenge in the future, it is important that innovators arm themselves with data, however minimal, by reflecting on mistakes, and thoughtfully confronting the facts to develop the pivot strategy. Setting the right metrics to measure this progress is a critical component for organizations to develop a strategy to scale. As one grantee noted, it is vital for organizations “to set measurable targets and indicators so that they can assess milestones and progress” and remedy quickly if they are significantly deviating. Before and during the pivot process, innovators must gain fresh insights from the market, develop a plan, and share that vision with stakeholders to build their offering while iterating based on learnings.

3. It is lonely at the top

Both internal and external stakeholders often expect the leader of an organization to be able to navigate the toughest challenges by having all the answers. As the face of the organization, the leader is expected to show strength in the face of adversity, and composure in a crisis. Worse, they are not expected to admit failure. Many leaders are hesitant to ask for guidance or mentorship because of a perception that their problem is unique to them and their organization, the negative optics of such a move, and the paucity of objective mentors who can counsel without a vested interest in a particular outcome. In addition, pivoting requires strategic flexibility – yet letting go can be difficult for innovators who have previously found success through unwavering persistence.

“Sometimes, there is just no headspace to think of everything – fundraising, pitching to investors, operations, maintain staff and patient relations, and watch where the organization was headed. You miss the blind spots by not having the right support – to manage investors, employees, patients and your own mental health.”
These expectations and norms can place immense strain on leaders of small organizations and may serve to discourage pivots. One grantee noted that, “Sometimes, there is just no headspace to think of everything – fundraising, pitching to investors, operations, maintain staff and patient relations, and watch where the organization was headed. You miss the blind spots by not having the right support to manage investors, employees, patients and your own mental health.” The level of transparency required to claim failures, delve deeper into why they happened, and work with stakeholders to redefine the model going forward may seem too big a risk for leaders.

**Recommendations**

One of the toughest parts of being a business leader is seeking help. However, it is critical for leaders to create a fabric of pragmatic mentors and peers who will share lessons, insights, and feedback on challenges faced. Research shows that personal networking including through professional associations and alumni groups provide leaders with perspectives beyond their own domains. Such networking also provides other professional development support such as coaching and mentoring in a safe space (Ibarra & Hunter, 2007). Particularly in times of challenges, these supports can be instrumental in getting referrals, counsel, and insight needed to create solutions.

Additionally, entrepreneurs may seek to avoid conflict with different stakeholders, especially with investors and staff. But as noted earlier, and contrary to common belief, it is critical to garner support by having hard conversations with investors, other funders, and staff throughout the organization about where they are headed.

Central to the mission of every leader in global health is the desire to make people healthier and their lives better. Ultimately, if their original model of providing care does not work, healthcare innovators need to rethink their strategy to be in a better position to deliver quality and sustainable healthcare. First, organizations that pivot successfully are those that take stock of their failures during development and implementation, rather than relying on post-implementation lessons. Successful pivots that are able to put the organization on the path to scale and sustainability are also those that integrate feedback from the customers and market to produce better versions of the offering.

Second, having access to non-dilutive financing (such as grants and loans) as innovators are still iterating and validating their business models helps organizations to develop and test scaling strategies. Both for-profits and non-profits run into the same critical issue of trying to keep the lights on while developing a sustainable model, and are often pulled in different directions chasing funding, which distracts from building the best possible offering in the market. As one grantee noted, “if you feel that you are spending too much time on fundraising than on actual operations, question whether you are doing the right thing.”

Funders and investors can contribute to successful pivots by providing strategic feedback and guidance to innovators, many of whom are apprehensive of seeking advice from their funders. Grantees may worry that changing course and discussing flaws in their model will cause reputational damage with funders and cause them to lose out on future funding. By following up quickly on unexpected project results and encouraging honest dialogue about why milestones were not achieved, funders may waylay these fears and help grantees get a head start on making a pivot. Funders can be an important partner in this process. To develop the innovation ecosystem and pipeline, however, investors and other funders need to rally together to develop new ways to provide access to financing mechanisms as well as leadership support to pivot quickly and efficiently.
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