

Is Adaptive Management Just Good Management?

BRIEF DESCRIPTION: A market systems development programme in a country as complex and large as the Democratic Republic of Congo (DRC) can only be attempted with flexibility and adaptability. This approach follows the good practices in several sectors which all face increasing complexity and uncertain outcomes. ÉLAN RDC learned, over the course of its five-year programme, how to enable the right mix between management and adaptation. The programme experimented with approaches across organisational culture, processes and resources.



"Is Adaptive Management Just Good Management?"

By Jason Eaves, Discovered Markets

Executive Summary

A market systems development programme in a country as complex and large as the Democratic Republic of Congo (DRC) can only be attempted with flexibility and adaptability. This approach follows the best practices in several sectors which all face increasing complexity and uncertain outcomes. ÉLAN RDC learned, over the course of its five-year programme, how to enable the right mix between management and adaptation. The programme experimented with approaches across organisational culture, processes and resources.

An adaptive organisational culture meant setting a vision of having multiple canoes all rowing in the same direction, "Doing fast and failing fast", and structuring the programme as a business would structure itself. Processes meant developing approval processes that allowed for rapid response; limiting paperwork as much as possible without compromising the programme's ability to document, learn and inform decisions; and empowering donor flexibility through transparency. Lastly, within the available resources, the team hired, built structures to support, and empowered adaptive programme managers, senior leadership, team members and donor partners.

In retrospect, the programme would have benefited from implementing some of this learning into the design of the programme from the beginning. But applying one of the core tenets of Adaptive Management, these lessons can and should be used to benefit future programmes.

Introduction

Much of the discussion on Adaptive Management presents it as a style or technique to managing a programme – particularly in complex environments – versus employing a traditional top-down, deadline- and objective-oriented management approach. A cynic might consider Adaptive Management an excuse for a programme to do anything it desires or for not achieving objectives. Adaptive Management is also entering the world of development jargon: a phrase to include in terms of reference, bids and compliance documents to demonstrate that the complexity of markets work has been considered. In reality, given the complexity inherent in all countries and sectors, private and public, in our fast-moving, technology-disrupting global society, no one has the luxury of managing in a non-adaptive manner. It should not be considered an “add-on”, but rather the default management approach that all programmes and donors utilise in programme design and implementation. Commonly, when “Adaptive Management” is explained to businesses, the response is “Oh, you mean ‘running the business’?”. Rather than letting Adaptive Management continue to become a development buzzword, we should instead recognise that adaptive management is just good management.

This report details the experience of ÉLAN RDC, a market systems development programme in the Democratic Republic of the Congo (DRC). Implementing a market systems programme in a country as complex and large as the DRC can only be attempted with flexibility and adaptability.

This flexibility resulted in over 100 partnerships across the country as ÉLAN RDC tested new ideas, evaluated winners and discovered a path in unstable terrain to deliver sustainable growth and long-term impact to low-income households. Clearly, not everything was a success and nor was it meant to be. A fail fast, fail often portfolio strategy was also not understood by all. The programme’s management and communication of these experiences evolved over time to use them as learning experiences to make the team smarter and more efficient. ÉLAN RDC discovered that there is no successful “adaptation” without “management”.

Programme Background

Background to ÉLAN RDC

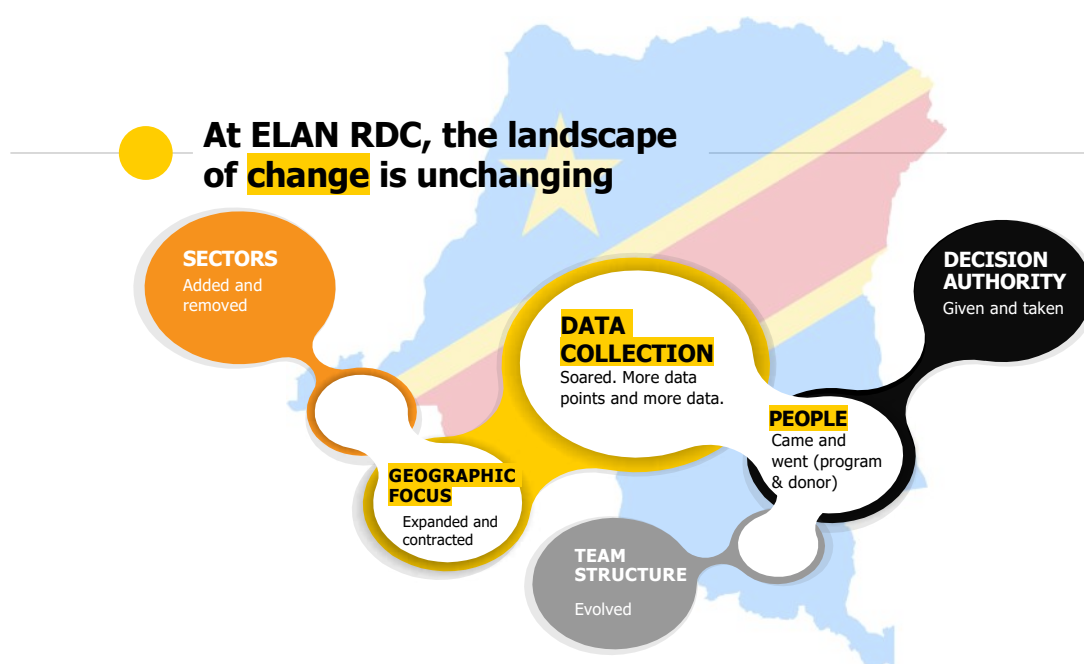
ÉLAN RDC started in 2014 as part of a £100 million private sector development programme in the DRC funded by the United Kingdom’s Department for International Development (DFID). Approximately half of this funding went into a market systems development (MSD) programme implemented by Adam Smith International (ASI). The other half went to a business enabling environment reform programme (ESSOR) and an independent monitoring and evaluation unit (Decision Support Unit or DSU). Market Systems Development work was new to the DRC, and Adam Smith International was selected because of its success in implementing MSD programmes elsewhere in the world.

The programme was intended to be “adaptive” and “flexible” from the start, given DRC’s complex environment. The original concept note stated, “DFID DRC will adopt a flexible management approach able to amend, augment, append or abandon interventions on the basis of progress against results targets, and emerging opportunities and risks.” This intention proved valid as during the course of ÉLAN RDC’s five years, the programme encountered multiple outbreaks of Ebola, new armed conflicts in the country and significant political economy risks arising from the history of the DRC. Meeting programme objectives in this shifting environment was a major challenge.

Evolution of ÉLAN RDC

To respond to the changing landscape and meet the programme's objectives in a new private sector development programme, ÉLAN RDC has indeed shifted and evolved. This evolution has included:

- Changing personnel across the programme and the donor
- Expanding and contracting geographic scope
- Adding and removing sectors, interventions and partners
- Evolving organisational structures
- Empowering and structuring decision-making
- Increasing programme management responsibilities
- Changing Monitoring and Results Measurement (MRM) needs



The Adaptive “Approach”

According to United States Agency for International Development (USAID), Adaptive Management comprises the following three components:

1. Analyse learning from implementation and/or pause & reflect on opportunities
2. Inform decision-making
3. Follow through on decisions reached to manage adaptively¹

It requires the following enabling factors:

- **Organisational culture.** An organisation's culture consists of norms – often unwritten and unspoken – that influence how individuals work and what they expect of themselves and their colleagues. Organisational culture is observable through staff and leaders' behaviour, how people interact, and what is perceived to be encouraged and rewarded in the organisation.

¹ <https://usaidlearninglab.org/node/26562>

- **Processes.** Without supportive systems and processes in place, it is difficult for continuous learning and adaptive management to become established in an organisation.
- **Resources.** Like most organisational initiatives, adaptive management needs to be supported with adequate resources in order to be sustainable. Resources that support adaptive management include budget, staff and implementing mechanisms.²

As programmes and donors grapple with how to manage their programmes “adaptively”, it should be noted that the development sector is not the only one to develop a management approach to deal with complex environments. Private sector experts bring relevant experience to market systems development from sectors that utilise different yet similar methodologies, including:

Lean start-up

The guidebook used by start-ups globally. Originated by Eric Ries³ and made popular by Steve Blank⁴. The main principles include rapid testing and increasing touchpoints with users to lead to scalable solutions faster.

Agile

Associated with technology companies, an agile approach gets result more quickly than a waterfall approach. In Agile, quick delivery of new products is prioritised, but documentation is also a core tenet, so learning is solidified and transferred to new team members.

Creative Leadership

Coined by the THNK School of Creative Leadership⁵ in Amsterdam, Creative Leadership is based on the concept that everyone is capable of being creative (the practice of pulling insights from multiple sources to derive brand new ideas) and that creativity is needed to solve the world’s trickiest problems. Modern leadership is about bringing this out in teams.

“Creative leadership is the ability to create and realise innovative solutions especially in the face of structurally complex or changing situations. It refers to those people who, when all is shifting, and new approaches are yet unknown, can still create clarity of purpose for their teams.”⁶ - THNK

VUCA⁷

Management philosophy coined by the military but adapted by large multinational corporations. Only by recognising the environment you are in is VUCA (Volatile, Uncertain, Complex and Ambiguous), can you craft solutions to manage.

² ibid

³ <http://theleanstartup.com/>

⁴ <https://steveblank.com/>

⁵ <https://www.thnk.org/insights/the-need-for-creative-leadership/>

⁶ ibid

⁷ <https://hbr.org/2014/01/what-vuca-really-means-for-you>

Battling complexity is the norm across the world

Adaptive Management

Common in development community made up of:

- Analyzing learnings
- Inform decision-making
- Follow through on decisions

Creative Leadership

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VUCA

Management philosophy created by the US military, adopted by large organizations

"Volatility, Uncertainty, Complexity and Ambiguity"

Agile

Associated with tech companies, agile gets result quicker than waterfall approached. While prioritizing quick delivery, documentation is key.

The principles of the "adaptive" approaches noted above are similar:

- A clear vision that includes acceptance that the world is complex and changing
- Increased touchpoints and interaction with users
- Rapid prototyping and structured tested
- Evaluation, learning, sharing learning and iterating/changing/growing around that learning

Modern companies use the same principles disguised in other vocabulary to run their businesses. The biggest differences between the approaches used by the private sector versus those in development are 1) the type of documentation required and 2) the timeframe. Often the documentation required in development programmes is for donor reporting versus a priority on using documentation and reporting for the programme's decision-making. Programmes also have just a few years to implement new approaches, while businesses can develop long-term structures, capacities and routines. Failing fast is even more important to the success of an individual programme.

We all deal with increasing complexity. Those that say Adaptive Management is just another buzzword and that other management techniques can achieve the same results miss this point. Top-down, waterfall and non-inclusive management styles are ill-equipped to address challenges in these environments.

Guidance for Enabling Adaptive Management

Through experimentation and employing team members from various backgrounds, ÉLAN RDC's approach to adaptive management is a hybrid model between the adaptive management advised by donors and those utilised by businesses. ÉLAN RDC arrived at this "sweet spot" by recognising that the programme would be a preferred partner for businesses in country if it operated similarly to businesses.

"We mirrored ÉLAN RDC to look like a successful Congolese business. We needed to have a diversified portfolio and do lots of different stuff to withstand the shocks. Some will fail, some will be steady, and some will move forward... Make the right decisions and be as quick as possible." – Deputy Team Leader

This need to find a sweet spot between orthodoxy and reality is similar to the situation MSD practitioners face as they search for appropriate intervention points to enable market system change. In a recent piece by Market Development Facility's Bear and Bekkers, titled "In Search of the Sweet Spot in Implementing MSD Programmes", they prescribe "the success of a programme cannot hinge on a simple, proscriptive, standard set of practices, nor on an 'anything goes' approach that may be very flexible, but lacks the rigour to create sustainable results." Finding this spot requires a lot of trial and error, which is difficult for programmes operating on cycles of five years or less.

Based on the programme's experience, the following provides guidance on USAID's three enabling factors and how to plan for getting to the sweet spot between Management and Adaptability when a programme launches.

Organisational Culture

Vision, Strategy, and Culture

Market systems development programmes recommend hiring entrepreneurs, private sector experience, and experienced facilitators instead of those with typical development backgrounds. These types of employees are quick to understand the value of a market-based approach, come with business connections, and know how to build buy-in among partners. Entrepreneurial employees also are self-motivated and are unwilling to wait for direction, which can be challenging if a clear vision has not been laid out them to work towards.

"People were individually action oriented, but not in one direction. Multiple canoes, each going in their own direction." – Team Leader

Early on at ÉLAN RDC, the programme was discovering how to work within its defined sectors and what interventions were viable. This search for an entry point meant that a coherent vision was not always communicated or shared by all. Once these work pathways stabilised, the programme began to set and communicate a vision, culture and strategy for its teams. One example of this is the concept of "Tozomatisation", a word derived from French and Lingala meaning "Going forward together". Another example was the concept of organising ÉLAN RDC like a business and "doing fast, failing fast and pivoting when needed". Retrospectively, this shared vision could have been set better earlier, so that the entire team was empowered to collaborate and ideate sooner within the boundaries defined.

CASE: Intervention concept proves false, suggests original analysis was flawed or not fully formed

Initially, renewable energy interventions focused on micro-hydro. Private investors perceived the risk to be too high and did not buy into the concept. The programme successfully decided to shift to a lower investment/lower risk model: pico-solar.

Process

The ÉLAN RDC team spent considerable time honing the right level of process, recognising the difficulty of centralising communications, approval and people across four in-country offices. Empowering ÉLAN's local teams required having an empowered programme management team supported by an empowered donor representative. The condition for empowered teams was not made available at the beginning of the programme, but earned over time through clear communication of strategy and follow-through on that vision. Looking at the history of ÉLAN RDC, this process of "earned" empowerment was slow and led to difficult conversations about financial

thresholds for approvals and regions in which to work. Transparent communication, a focus on building trust, and early negotiations for needed flexibility with the donor partner would have benefited the programme from its inception.

“There is a role for the programme to negotiate process with donor at the beginning.” – Team Leader

The right kind of *paperwork* to facilitate approval processes was also an area of experimentation. Management sought to limit paperwork as much as possible, without compromising the programme’s ability to document, learn and inform decisions. The programme eventually settled on a concept note approval process where each new intervention was submitted to senior leadership weekly and reviewed and responded to within a week. This follows good practice from companies like Amazon⁸ which requires all business cases to be written as a six-page plan and read by senior leadership.

A fair and open process meant a six-week approval process for new partner agreements, but also meant that the programme was able to communicate consistent timelines to partners. On the other hand, the downside was that approvals to spend above a certain threshold required a “no-objection” from the donor which could take up to three months and did not have a formalised process. *Speed of response* contributed to the already lengthy process of changing tactics when externalities required change.

CASE: Externalities change the viability of the project, requiring changes. Takes time to disengage and build up with new partners.

At the start of the programme, the perennial agriculture sector was set up to support palm oil. Following a global price crash in 2014-2015, the sector needed to reorient. After long deliberations, the programme moved towards more stable coffee and cocoa.

Speed of response also meant the difference between securing or losing partners.

CASE: Long deliberations on risk of partners causes loss of investment opportunities

Working in the rice sector, the team identified a viable investment partner for input and processors. Unfortunately, the partner had mining interests and was linked to the government. Given the history of the DRC, it is very difficult to have financially strong actors who are not linked to the government. It took nearly six months to convince the donor to find a way of working with this partner without undue reputational risk. By the time the decision had been reached, mining commodity prices had dropped and the partner cancelled the planned investment.

Data and Documentation

All adaptive approaches point to the need for learning to enable adaptation. Unfortunately, some proponents of the approach point at this as an excuse to request more and more data and documentation from a programme. Being able to adapt requires the “right” kind of data and documentation.

The far side of the adaptive to top-down management scale is similar to the anything-goes to orthodoxy scale of MSD. Bear and Bekkers say “Over reliance on ‘anything goes’ is likely to reflect a practitioner who generates lots of activity, but has no strategy for system-wide change or

⁸ <https://www.cnbc.com/2018/04/23/what-jeff-bezos-learned-from-requiring-6-page-memos-at-amazon.html>

sustainability.” Sceptics of adaptive management seize on this statement to claim that programmes sometimes use adaptive management to mask poor planning and failure to achieve results.

On the other side of adaptive, there is increased documentation that doesn’t serve adaptability but is a check on the programme. Data should not be primarily geared toward producing verified results but toward informing management and decision-making. Having an independent monitoring and evaluation unit meant that there was excessive emphasis on verifying impact rather than investing in understanding what happens at the partner level. A donor may find this acceptable since their adaption happens at the donor level and lessons are used to improve the next programme, but programmes themselves have the time and ability to adapt if they have funding and encouragement to track and utilise decision-critical data.

CASE: Data reveals lack in partner capacity

Smaller partners in renewable energy were too weak to set up a direct sales team and marketing or shift to Pay-as-you-Go. ÉLAN RDC had to shift toward higher capacity partners – larger local companies and international players – to achieve objectives.

In this case, ÉLAN could have more deliberately attempted to find the sweet spot. Intervention tracking tools and sector technical tools were measurement and management tools containing all the information on a particular intervention or sector. They were developed to show the conceptual logic and results chains, and included measurement plans and results. In hindsight, they were unnecessarily complex and thus rarely fully utilised. To make up for lacking in internal document sharing, the programme organised regular learning events to share information among teams.

Resources

Team

A programme’s main resource is its team. The first area to consider is *technical management*. If the donor were managed like a business, like a venture capital firm for example, the leadership of the team would play a strong role in the decision to invest. A long dating period often helps the investor get to know the management. However, in a donor programme, key personnel are often evaluated primarily based on their CVs, with little examination of their leadership style. Leadership style is difficult to show on a CV but critical for programme start-up, as proactivity and ability to motivate a new team means achieving results quicker.

There was also insufficient planning for the *programme management* team. The original bid only allocated one programme manager to cover the entirety of the DRC programme. This lack of programme management for a team of that grew to over 100 staff spread across the country put considerable strain on the programme’s ability to approve interventions and partners in a timely fashion while still conducting adequate due diligence work. After presentation and negotiation with the donor, the programme expanded to four programme managers to facilitate the scale-up from 25 to 100 partners between 2016 and 2018.

The selection of *team members* on the basis of their entrepreneurial leanings, business experience and facilitation experience has already been mentioned. Staff who are comfortable with taking risks are needed too, to develop innovative partnerships and interventions. However, hiring team members with such backgrounds requires market systems training and continual learning. Continual learning is already an element of best practice for adaptive management. A budget for this is a necessity in all programmes. It is equally important to know when to let an employee go for poor performance; this may require negotiation in a country with strict labour laws.

Attention should also be given to *team structure*. For the best ideas to emerge, all voices should be heard, and debate encouraged. Given ÉLAN's geographic and sectoral scope, the programme set up a regional and sectoral lead structure where each region required consensus between the two to approve new interventions. While this led to some tense moments, it meant decisions were made in the best interests of both the sector and the region.

CASE: Entrepreneurial MRM employees find solutions in challenging environments

In certain regions, staff are unable to collect data themselves due to security issues. Business still needs to happen in these areas, so the programme decided to hire local consultants from those areas, train them centrally in safe areas, and allow for visits back to provide data on results.

Finally, the *donors* are the key component of enabling adaptive management. They need to ensure that their implementers have sufficient freedom to test ideas and follow market opportunities. Some suggestions for this include frameworks (Terms of Reference, contracts, logframes) that define the goal but not the means as much as possible. Approvals needed should be kept to large financial values and key goal-changing decisions. Approvals in terms of sectors and partners considerably reduced ÉLAN's scope and speed. Interviews with donors by Margie Brand for USAID revealed that mission culture and the contracting officer is critical to the success of "adaptive management" directives reaching programmes.⁹

"DFID has enabled flexibility more since I joined the programme. Their management changed. And they trusted us more. As long as we were transparent and showed why we wanted to do something, they accepted it." – Programme Management

Conclusion

Adaptive Management is becoming or may already have become a fashionable development buzzword. That said, it does not mean that the principles behind managing adaptively are ill-advised or that management techniques used previously were not adaptive. It does mean, however, that programme managers and their donor partners, no matter what their management technique or what they want to call it, must approach their work in a manner that enables data collection, learning from this data, and being able to respond to the lessons in real time to achieve or exceed their targets.

USAID says, "organisational culture", "processes" and "resources" are the enabling factors for adaptive management. At ÉLAN RDC's final all-hands meeting, the team universally added "context" as they deal with humanitarian issues in their programming. Challenging contexts, such as those found in the DRC, force programmes and businesses to adapt. If a programme is not equipped to address changes quickly, it will fail.

Adaptive Management is indeed good management, but good management is not yet the standard. Donor and programme leaders must recognise that complex systems require that programmes be designed, procured, recruited, organised and managed in a way that enables adaptive management. The experience of ÉLAN RDC in the complex environs of DRC has tested the boundaries of good adaptive management and provides valuable lessons for future programming.

⁹ USAID, Brand, 2017: "ADAPTIVE MANAGEMENT TO SUPPORT MARKET SYSTEMS DEVELOPMENT: Case Study of USAID's Agricultural Value Chain (AVC) Activity in Bangladesh"