



## ► Brief

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This series of 'how to' notes expands on key topics introduced in the [ILO's guide on Value Chain Development for Decent Work](#). It aims to help advanced practitioners, who are designing and delivering value chain projects, navigate tricky issues where it has proved difficult to move from 'theory' to 'practice'.

The focus of this note is on adaptive management. A short introduction sets out 'what' it means to manage adaptively and 'why' it is important to project success; after which three main sections cover the process to integrate adaptive management into the project cycle, the key principles to uphold that process, and how to lead people and manage teams in order to foster a culture of learning and adaptation.

### **“How to”** **Manage Adaptively in Value Chain Development Projects**

#### **Introduction: What is adaptive management, and why is it important?**

The challenges value chain development (VCD) projects face – ranging from improving worker productivity to raising incomes of smallholder producers – are difficult to solve because of their complex, interconnected nature.

Projects using a market systems approach to VCD in particular can never be certain whether the activities they plan to undertake will be successful in edging closer to their goals. Pathways towards systemic change may be less than straightforward and move in unexpected ways. In situations where it is impossible to design the 'perfect' solution in advance, it is vital that projects learn, adapt and improve as they go along.

To stand the best chance of achieving real-world outcomes, projects need to navigate like sailors: “sometimes catching a burst of wind and surging forward...[and] often having to move in counterintuitive directions to get to [their] destination”.<sup>1</sup>

<sup>1</sup> Improving Development Design and Evaluation: Plan for Sailboats, Not Trains. Rachel Kleinfeld. Carnegie Endowment for International Peace. 2015.

However, VCD projects often operate in organisational structures and systems that less resemble nimble frigates than they do a large “freight train barreling down a track, whose forward motion can be measured at regular increments”.<sup>2</sup> Ubiquitous development tools such as Logframes, project documents and multi-year workplans can lead to fixed implementation models, compromising on a project’s ability to be flexible – especially if these tools are taken at face value.

Adaptive management, at its heart, helps teams to navigate uncertainty and ensure that they end up at the right destination, as quickly as possible. Projects can learn fast – cutting down the time lag between the activities they carry out, the understanding of their consequences, and planning for what to do differently. This maximises the chance that projects will ultimately deliver on their intended impact and not get stuck in underperforming activities.

Doing all this requires a ‘process’ to build trials, learning and adaptation into the project process (Part One); knowing how to operate using a set of ‘principles’ to allow teams stay within the rules but push the boundaries (Part Two); and bringing whole teams along on the journey through effective ‘people’ leadership (Part Three). The rest of this paper summarises these three key building blocks, with links to further reading in the Annex.

### Box 1: Defining adaptive management

Much of the jargon coming from the world of systems thinking, startups and complexity theory can make adaptive management seem more complicated than it actually is. Many practitioners will find the literature fascinating but may be put off by terms like ‘pivots’, ‘feedback loops’ or ‘failing fast’ in the midst of trying to implement projects in often very challenging situations.

For the sake of this guide, we use the practical USAID definition whereby adaptive management is “an intentional approach to making decisions and adjustments in response to new information and changes in context”.<sup>3</sup> Put simply – it is a structured approach to helping teams decide the best way to achieve their goals.

Adaptive management does not, however, mean making no plans at all or rushing into carrying activities without considering their (possible) consequences. It is not an excuse to act without a clear strategy, or a way to justify under-performance or incompetence by dressing up failure in the language of ‘learning by doing’!

The antithesis of managing adaptively is managing by blueprint – i.e. carrying out “sequentially implemented activities [...] intricately designed before project inception, with activities meticulously outlined within clear timeframes” regardless of whether they are leading to real change.<sup>4</sup> In the face of the complex problems tackled by VCD projects, the blueprint approach risks ‘successfully’ executing a plan that leads nowhere.<sup>5</sup>

## A Tale of Two Projects: Welcome to Pango

To help see how adaptive management principles can be put into practice, this ‘How To’ note follows the case of two projects: Agricultural Innovations in Markets (AIM) and Food Improvement Transformations (FIT). Both are made-up projects in a make-believe country; but are based on combining many real-life experiences.

Pango is a low-income, landlocked, agricultural country with a population of around 40 million people. The government of Pango wants to elevate the country to middle-income status by the year 2030 and, to this end, it has prioritised the development of a number of sectors that offer a high potential for inclusive economic transformation.

One of these sectors is sesame. However, despite nearly ideal agro-climatic conditions and the presence of buyers with high-value export contracts to China and Europe, there are numerous constraints to the sector’s development. Smallholder farmers lack familiarity with the crop, and the historically low yields for Pango-produced sesame make it difficult for local suppliers to meet export market demand.

Adding to these challenges, many NGOs working in the south of the country are hobbling the growth of private sector support services for sesame farmers by giving away free inputs and directly providing land preparation and pest control services.

The AIM and FIT projects, by contrast, both take a market systems approach to their work, for instance, seeking to build support service markets around poor farmers rather than delivering services directly to the smallholder, as a way to boost incomes and foster new decent work opportunities.

<sup>2</sup> Ibid.

<sup>3</sup> USAID Learning Lab. What is Adaptive Management? <https://usaidlearninglab.org/lab-notes/what-adaptive-management-0>

<sup>4</sup> Management not models: adaptability, responsiveness, and a few lessons from football, Development in Practice. Christopher Maclay. 2015.

<sup>5</sup> The Lean Start Up. Eric Ries. 2011.



## Part One: The Adaptive Management Process

The Value Chain Development for Decent Work project cycle involves three phases (more details can be found in Chapter 2, 3 and 4 of the guide on [Value Chain Development for Decent Work](#)):

- Strategy.** Select sectors and the decent work focus, based on criteria of ‘relevance’, ‘feasibility’ and ‘opportunity’.
- Analysis.** Understand which aspects of the system are not working, moving from visible ‘symptoms’ to the ‘causes’ which can often be found in underlying behaviours, attitudes and enabling conditions.
- Action.** Facilitate change by building both the incentive and capacity of partners; which involves a trial-and-error process to test new ways of working.

The ‘action’ – or implementation – phase is where adaptive management happens. During this phase, projects usually partner with a small number of actors to test out new ways of working (e.g. by introducing new practices, behaviours and products into the system) and, if successful, then look to others to copy and ‘crowd in’ around the innovation to bring about systemic change. Multiple activities may be run at once – for example, different partnerships to achieve

the same goal, or different interventions to address different possible pathways towards a systemic change objective. This is known as a portfolio approach and helps projects to avoid putting ‘all their eggs in one basket’.

Projects learn fastest through their own experience - using the ‘do-measure-learn-adjust’ mantra of adaptive management:

- Do.** using an initial analysis, plan and carry out a set of activities that are based on ‘good enough’ assumptions of what might work.
- Measure.** collect evidence to see what the results from these activities are, and to learn whether the initial assumptions hold true
- Learn.** reflect on what is working, what is not, and what needs to be done differently
- Adjust.** either continue activities, tweak them, or carry out a new set that get projects close to the systemic change vision – and keep repeating this four-step process

Adaptive management is all about quicker cycles, ensuring that learning about ‘what works’ is not just left until the time of the final evaluation, but can be baked into the implementation cycle.



### Step 1: Do

A value chain or market systems analysis has been carried out to advise on possible intervention areas. Instead of the next step being detailed intervention planning – such as extensive yearly work plans – projects should set a high-level intervention strategy that is simply defined as “a set of assumptions that need to be tested”.<sup>6</sup> These assumptions may relate to general behaviours (e.g. if off-takers are properly incentivised they will increase the volume of transactions with smallholders) or to specific products and practices (e.g. farmers will be willing to pay \$2 dollars more for improved seeds). A set of activities are then planned out with the aim of learning more about these assumptions, and to see whether they ‘hold true’ in the real world. Partners pilot new ways of working; results chains are drafted to help teams think through what might result; and indicators selected to help the project – and its partners – track how things are working out.

Depending on the market response, new activities may be carried out, or whole streams of activities (and partnerships) stopped. The aim is to generate learning and to validate – or reject – hypotheses about what course(s) of action the project should eventually take. Heavily detailed implementation plans and multi-year partnerships should therefore be avoided – especially as these may raise expectations among partners. Activities that are politically high-profile or involve high-profile

partnerships (e.g. a well-known multinational corporation) that make the intervention ‘too important to fail’ will likewise be avoided by most projects at this stage, since the levels of risk tolerance will be much lower.



### A Tale of Two Projects: The Hare and the Tortoise

Both the AIM and FIT projects aim to address selected root causes of the under-performance of Pango’s sesame sector.

During its inception phase, FIT undertook a 3-month market systems analysis, after which they spent two months designing an intervention, and another month planning activities, which took the form of fully-fledged interventions complete with detailed measurement plans and results chains. But just a few weeks after they began actually implementing the planned activities, FIT started to realise that one of the biggest assumptions they had made – that farmers would be willing to pay more for higher-yielding, hybrid seeds – turned out to be incorrect. It took FIT 6 months to learn what not to do – and they now had to go back to the drawing board.

In contrast, the AIM project felt the typical VCD intervention lifecycle would take too long to get useful feedback about the validity of their assumptions. Instead of passively making big assumptions and building complex interventions, AIM wanted to actively test hypotheses they were making about possible pathways to systemic change. After a one-month rapid analysis, AIM embarked on a process of action research: ‘doing’ short micro-pilots; ‘measuring’ quickly to gather useful information on the effectiveness of their actions as they went along; and ‘learning’ to draw meaningful conclusions and ‘adapting’. Many of the activities that AIM tried turned out to be dead ends, but after 6 months they had not just learned a lot of the things they should not do – but had a much better idea of what they should do!

6 Adapting Lean Thinking to Market Systems Development. Engineers Without Borders and Kenya Markets Trust. 2014.



## Step 2: Measure

Overlapping with the ‘doing’ is the ‘measuring’ – a topic which is written about extensively in many manuals on Monitoring and Results Measurement (MRM), including the guide on [Value Chain Development for Decent Work](#).

Here, evidence is collected to track what results from the activities, and to learn whether the initial assumptions hold true. The monitoring and measurement will make use of an array of data

collection tools, as well as instruments such as ‘results chains’ which can help visualise how different strands of activities may be coming together.

A prominent measurement initiative that is encouraging programmes to be adaptive is the DCED Standard for Results Measurement.<sup>7</sup> The DCED Standard explicitly checks whether implementers are actually using their monitoring and measurement systems to inform programming and making updates based on new knowledge.

### A Tale of Two Projects: Results Chains as a Reality-Check

Both the AIM and FIT projects were told they had to comply with the DCED Standard for Results Measurement. Their respective implementing organisations hoped to standardize their results measurement practices and make it easier to compare results across its international portfolio.

The FIT project launched into the Standard with gusto. Complete with a fully staffed up ‘Monitoring and Results Measurement’ (MRM) team of 5, the FIT project developed comprehensive ‘intervention guides’ to leave a complete paper trail of all their activities and decisions. So proud were the team of the results chains they had drafted, that one member of the MRM team laminated them and hung them on the wall. But FIT’s technical teams started to get restless: They felt the rigour being imposed by MRM was constraining, leading one to claim that “results measurement is running the programme”. Soon it became clear that the MRM function had become the sole knowledge gatherer, disempowering and displacing front line staff from accumulating the knowledge they needed to learn and adapt.

Meanwhile, the AIM project saw measurement and learning not as an end in itself, but as a means to improve project decision-making. Many of the AIM team were veteran practitioners who had an intense dislike for the ‘tools of the trade’ in international development, such as logframes. The team leader briefly toyed with using tools from the world of complexity thinking – but found them too conceptual and likely to confuse the team. AIM realised that the challenge was to take ‘linear’ tools and adapt them to a systems approach. In other words, to acknowledge complexity, but keep things simple. Results chains proved to be very useful in visually depicting the latest pathways that people were testing, and provided a way to quickly check the logic about whether proposed project activities might lead to an impact on target groups. The participatory, whole team process was helped by having just one MRM coordinator, with the intervention teams responsible for the tasks of (re-)drafting results chains, selecting indicators and collecting data.

<sup>7</sup> See <https://www.enterprise-development.org/measuring-results-the-dced-standard/>



### Step 3: Learn

Armed with data and experience, projects are positioned to learn and reflect on what is working, what is not, and what needs to be done differently. However, learning will not happen ‘organically’ – it needs to be reinforced by process, with regular opportunities for review and reflection built into the project. Typical processes include:

- **1) Frequent regular meetings** – a safe space for the team to review progress and share experiences. There are different ways to set up these, for example, focusing on intervention-based reflection (one intervention at the time) or theme-based reflection (for example, relationship with partners, facilitation in practice, etc.)
- **2) Learning retreats** – more in-depth opportunities to review and potentially revise assumptions and intervention strategies. Decisions can be documented to, for example, note what went wrong and why, or to evaluate potential changes to partnerships.
- **3) Participatory learning events** – infrequent, often annual more formal events to which partners are also invited. It is important that the project learns from its partners, but also that the partners learn from each other.
- **4) Regular meeting with the donor** – encouraging informal, open discussion and sharing of developments and challenges to ensure that funders are brought along on the journey.

### A Tale of Two Projects: Communications and Collaboration

The donor for both the AIM and FIT project is the World Agency for Poverty Alleviation (WAPA). WAPA likes a market systems approach but equally presses strongly for tangible, early results.

The FIT project provided yearly reporting to WAPA as per their contractual arrangements. While the FIT team leader regularly also met with their donor counterpart to discuss progress – the adaptive management ethos of the project was never properly explained. As such, it came as a bit of a shock to WAPA when the first year of implementation hadn’t generated any tangible results at all.

On the other hand, even as AIM embraced rapid cycles of ‘learning by doing’, they realised that the donor would have to be brought along on the journey. AIM made pains to explain the process behind their implementation approach to WAPA, and were able to show hard, empirical data on the results of their activities – from surveys to market assessments – even when it was clear that things were not working out. But AIM framed these conversations as a learning opportunity – not presenting failures, but explaining what the project will do differently based on the new knowledge unearthed while examining interventions that came up short.



#### Step 4: *Adjust*

Based on learning about the assumptions and the most viable pathways towards the desired systems changes, a project may make adjustments either to its tactics or its strategy:

**Tactics.** The project will conduct certain activities and partnerships and will frequently fine-tune or optimize these in order to test, validate, and learn about the strategy.

**Strategy.** A way to reach the project’s systemic change vision, underpinned by a set of assumptions. This includes a results chain specifying how target groups might ultimately benefit from project activities, as well as a point of view about how project partners are contributing.

Any changes to strategies should take place as a result of a structured learning activity (see ‘learn’) based on evidence (see ‘measure’), not on a hunch. This might otherwise undermine the key trade-off for more flexibility in project implementation, which is being able to justify course corrections using real-world data, whether quantitative, qualitative or anecdotal.

The goal of assumption or hypothesis testing is to move faster from planning into empirical learning. But these small-scale experiments need to be time-bound to avoid projects getting stuck in endless piloting. At some stage interventions are either dropped or shift from piloting to a ‘scale up’ phase. To put it another way – projects will need to decide on which pathway(s) towards systemic change to pursue for the rest of the project lifetime. How many learning ‘cycles’ each project will go through will depend on many factors, such as the duration of the project and the sector profile (e.g. due to agricultural seasons, some projects may only be able to go through one or two learning cycles a year).

#### A Tale of Two Projects: Partnerships and Progress

Both the AIM and FIT projects were designed to improve input access, product quality and market access of smallholder farmers.

FIT wanted to achieve all of these aims through export buyers, whom FIT considered to be the most reliable long-term actors in the market system because they have significant, predictable interests in improving smallholder output. FIT designed their intervention with a single partner in mind – the largest buyer – and set about implementing a series of activities together with this partner. But after two growing seasons and almost one year, it became clear the incentives were not strong enough to entice exporters to invest heavily in the model. FIT had to recalibrate the intervention strategy, and tried a slightly adjusted model the following year. By year three, FIT had finally decided that instead of looking at inputs only in the context of the sesame value chain – where economies of scale mean any new innovation has to be highly profitable to stand a chance of success – FIT re-focused on the inputs sector as a whole.

AIM, in contrast, took a portfolio of partners, and tried many different types of smaller interventions that were geared towards benefitting smallholders. AIM worked with a few exporters, but also looked beyond them to strike partnerships with regional traders. They also started to work with vegetable traders and see if they could diversify into sesame. Much of this failed – but the failure took place quickly, which meant by the end of the first year, AIM had learnt not only about the ‘dead ends’ but also understood the need to look broadly at inputs across oilseed crops – giving them a 2-year head start on FIT.







## Part Two: Principles of Adaptive Management

While this ‘process’ may look good on paper, its application in the real world is often much messier. Adaptive management doesn’t happen in a bubble: The rules, procedures, and incentives that projects follow can enable or hamper programme efforts to become more adaptable.<sup>8</sup>

Sometimes, projects will therefore need to make compromises due to factors beyond their control such as limited budgets, donor expectations or organisational pressures to achieve ‘quick win’ results.

In such situations, a clear set of principles can help teams ask themselves whether they are maintaining – or narrowing – the window for adaptation. VCD projects can operate by a set of principles that, in the words of management expert Ray Dalio, “are so clearly laid out that their logic can be easily assessed and [teams] can see if [they] are walking the talk”. For each and every decision that VCD projects make, they can ask: Am I being true to principles of adaptive management?

### **Principle 1: Keep your eyes on the prize**

According to USAID, adaptive management is not about changing goals during implementation, it is about changing the path being used to achieve the goals in response to changes and new information.<sup>9</sup> This requires a set of clearly defined goals (known as

Development and Immediate objectives in ILO technical cooperation projects) that are well-communicated and understood by all team members.

The goal – a vision for market systems change– needs to be concrete enough to focus action, but broad enough to allow space for adaptation. Draw the boundaries too tight and projects end up being boxed-in with inappropriate technical fixes. But too wide and things become too vague: Aims like ‘poverty reduction’ or ‘capacity building’ do little to galvanise practical project-specific action. Some market systems projects have not set goals and decide to be led by partner-focused innovation. But as the author Lewis Carol wrote, “If you don’t know where you’re going, any road will get you there”.

Applying this principle in practice might mean:

- Defining target groups and the intended impact on these of different interventions and the project as a whole (see Step 2.1 of VCD guide) for each project and intervention. Ask the question - “What does it want to achieve, and for whom?” – and use this as the North Star around which to adapt.
- Define anticipated outcomes that refer to both the nature of the challenges facing target groups in specific value chains, as well as cross-cutting issues such as gender and environment.

8 BEAM Exchange. Adaptive management. <https://beamexchange.org/guidance/management/adaptive-management/>

9 USAID Learning Lab. What is Adaptive Management? <https://usaidlearninglab.org/lab-notes/what-adaptive-management-0>



- Have an ‘endgame’ vision that defines the preliminary idea for how the intervention will eventually reach scale (see Box 2 below)

### Box 2: How change happens

In a market systems approach, projects aim to achieve scale through indirect pathways. That is, they aim for the intentional spillover of new innovations that are being introduced by project partners. For example, organising a smallholder outgrower scheme should not just be for the benefit of one lead firm, but rather become the ‘new normal’ for the whole industry.

There are many ways that such indirect effects can be brought about. As well as uniting a team around a goal that relates to target groups such as smallholder farmers, a project needs a clear vision of how change will happen. This ‘endgame’ for how an innovation might spread and become embedded through a market system can profoundly influence how the success of initial pilots are evaluated – and the set of activities that are carried out. An article in the Stanford Social Innovation Review identifies five possible goals for how systemic change can occur.

- Open source – a breakthrough idea that has no barriers to entry for others to adopt and integrate
- Replication – a breakthrough product or model that is easy for other organizations to develop and deliver
- Government adoption – a model with high coverage potential, along with a capacity for integration into public sector initiatives
- Commercial adoption – a product or service with profit potential that solves a market failure or reduces market risk
- Sustained service – a strong organization with a proven ability to scale up and fill a market or public service gap

### Principle 2: *No one knows everything*

The response to any new product or service offering in a system will be uncertain. Managing adaptively in VCD is about finding the ‘good enough’ solutions in a given context, not copy-pasting a solution from elsewhere or striving for an elusive best practice.

For projects, this entails a need to accept uncertainty, and not being afraid to ‘take the leap’ in the absence of a perfect solution. No one has the ‘right’ answer (even technical experts) to achieve outcomes, especially towards catalysing systemic change. In the

language of the Lean Start Up movement: “Contrary to manufacturing processes, uncertainty [...] cannot be “solved” by expertise; the [project] operates in a complex system where outcomes cannot be reliably predicted in advance”.

Uncertainty, however, is no excuse for ignorance. Projects can use models and trends to make predictions and assumptions, as long as they acknowledge these will always be a first iteration rather than set in stone. This way, existing tools like Logframes and Results Chains can be useful – as long as projects realise they are “just a simplified representation of the truth” (MacLay). In other words, a first draft of how change might happen; not how it will happen.

Applying this principle in practice might mean:

- Living with logframes and other more linear tools that characterise development cooperation, but ensuring these are used in ways which promote critical thinking
- Introducing a flat team structure and doing away with excessive hierarchy to avoid giving the impression that only Subject Matter Experts or those at the ‘head’ of the project are always the best positioned to make the call on the most viable pathways towards systemic change
- Decentralise decision-making to empower front-line and field staff closer to the day-to-day reality facing target groups (see more on Section 3 on ‘People’)

### Principle 3: *Learn forward*

A core aim of adaptive management is to shorten the time required for real-world learning. In other words, to quicken the do-measure-learn-adjust ‘learning cycle’ and increase the frequency of cycles. Instead of one iteration around an initial set of intervention assumptions, projects can go through many cycles and thus maximise the volume of learning about what really works – and what does not – in practice. After all, many VCD projects will adhere to the ‘Pareto Principle’ that 80% of their impact will come from 20% of their interventions.

The purpose of an intervention is not to deliver impact “right out of the gate, but rather to learn as fast as possible” about which pathways show most promise and are worth pursuing. Learning, therefore, is not academic or for the next project to use – but something that is immediately actionable for the intervention at hand. This is not to say that the project focuses on learning for learnings sake – at the expense of achievement – but rather that it leverages learning to increase achievement, and to get there faster.<sup>10</sup>

<sup>10</sup> The Lean Start Up. Eric Ries. 2011.

Applying this principle in practice might mean:

- Defining clear learning objectives which are based on a set of assumptions about possible pathways towards systemic change
- Celebrating any type of learning that helps move the project towards its goal, even if these are interventions that did not work (so-called ‘failures’)

### A Tale of Two Projects: Failure is an Option

Over time, FIT became committed to the adaptive management cycle, and wanted to share their experiences more widely so that other projects could copy the approach. FIT ran ‘fail fares’ each year, where they invited partners and donors and wrote very well-edited and designed public case studies as part of a commitment to transparency. But the lessons learned that were identified by FIT were not internalised, and not used to inform future activities and interventions. Next year, a whole set of new mistakes were made.

AIM kept their learning internal – sharing rough notes of their failures just with the implementing organisation and the donor. What was important to AIM was to use the failures to stimulate open and honest discussion about what didn’t work, and why. To make sure that such discussions always ended in something ‘actionable’, the project always ended reflection meetings with a set of top 5 takeaways about what they will do differently next time.

### Principle 4: *Process has primacy*

In adaptive management, the trade-off for greater project flexibility is enforcing more ‘process’ structure. Systems for monitoring and evaluation in many market systems initiatives can seem heavy, but they are critical to bring discipline into the learning process.

Adaptive management aims for double loop learning. More than just correcting deviations in planned versus actual, the idea is to continually question fundamental assumptions that underpin the very problem being addressed, like whether the constraint being targeted is even the correct one. In VCD projects, the constant meetings, reviews and go/no-go decision events may not always be exciting, but they are often essential.

By providing a safe space for data to be digested, projects can plug the leak between information and

action, where data is collected but not used to inform decision-making.

Applying this principle in practice might mean:

- Setting process targets: The number of new innovations trialled, the number of learning events held, and the number of assumptions tested.
- Recognizing that design and implementation is an iterative process. Activity planning will not happen just once – with short, rolling quarterly workplans being much more useful than multi-year Gantt charts that quickly become obsolete.
- Using recognised frameworks and sets of good practice such as those embodied by the DCED Standard for Results Measurement.

### Principle 5: *Get better over time*

While VCD projects operate in complex and uncertain environments, the goal of adaptive management is “to reduce...[this] uncertainty as quickly as possible”.<sup>11</sup> Adaptive management is a means to the end of better decision-making. Its roots are actually in natural resource management, “based on the philosophy that [...] there will always be inherent uncertainty [...] but management decisions must still be made”.<sup>12</sup>

By iteratively repeating the adaptive management cycle, teams can be pro-active in the learning process, generating empirical knowledge to take more informed action for better outcomes. Ultimately, a series of do-measure-learn-adjust cycles needs to end with a project settling on a desired course of action: Too many market systems projects get stuck in endless pilots. Projects are by definition, time bound, and their job is to deliver on their intended results. Exactly how many cycles will depend on factors such as the length of the project, and the type of sector. A 1-year project working in manufacturing may have many more opportunities to experiment compared to a 3 year project in agriculture, where seasonal considerations might limit the project to just three crop cycles.

Applying this principle in practice might mean:

- Having a clear end date for higher-level tweaks/adaptations to the project strategy
- Managing expectations for the number of adaptive management cycles that are possible based on the timeframe of the project, and the sector of operations
- Not letting the great be the enemy of the ‘good enough’ – recognising that at some point the project will have to make a firm decision about what pathways it will want to pursue towards its systemic change objectives.

11 The Lean Start Up. Eric Ries. 2011.

12 Adaptive Management for a Turbulent Future. Allen, Craig R., Joseph J. Fontainea, Kevin L. Popea, and Ahjond S. Garmestanib. Journal of Environmental Management. 2011.





## Part 3: People

Managing adaptively requires a programme-wide acceptance of ‘trial and error’, a commitment to accumulating relevant knowledge, and a willingness to refine tactics and strategies as teams learn more.

Here, leadership plays a key role. If political leadership from the donor and senior staff in the implementing organisation shapes the opportunity for adaptation, then practical leadership from the project manager makes it happen on-the-ground. The following section therefore focuses primarily on the role of the team leader.

It is often written that there is no ‘right’ way to manage teams, but lots of ‘wrong’ ways that can narrow the window for adaptation. On the one hand, leaders who are well versed in the ‘blueprint’ approach may feel their job is to implement what has been presented to them on paper, with fidelity to the project document seen as the benchmark for project success. This can often leave teams frustrated by carrying out activities they know are not working.

On the other hand, visionary leaders who eschew the common ‘linear’ tools of development and who are prepared to be creative and embrace complexity may lose the buy-in of teams who may be much more used to blueprint world. These leaders risk running too fast and not recognising that the very process of adaptation may be outside of the comfort zone for many.

To manage adaptively, managers must display situational leadership. That is, to adapt their management style to

different stakeholder groups and to different contexts. Some staff may be more comfortable with flat team structures, some will require autonomy, and others will need to be managed more closely. Sometimes there will be a need for the manager to be more direct and prescriptive about what the team needs to do; other times the manager’s role will be to step back.

To help find this balance, there are three things that managers can do, related to 1) staffing decisions (who to work with), 2) behaviours (how to motivate the team), and 3) actions (what tools to use).

### 1) Team composition

The single biggest success factor in managing adaptively is – back to our sailing metaphor - about getting the right people on the boat.

Decisions need to be made about what individuals to bring on board. In general, people make good market systems facilitators when they have a growth rather than a fixed mind-set: seeking challenges and new learning to accept that no matter how good they think they are, they can always get better through disciplined effort and experience.<sup>13</sup> In other words, ‘skills’ are important, but the ‘willingness’ to learn and improve is perhaps even more so.

The economist Bill Easterly has called for more ‘searchers’ over ‘planners’ in international development: People

13 What Having a Growth Mindset Actually Means. Carol Dweck. Harvard Business Review. 2016.

who seek out answers, adapt to location conditions, and respond to both existing and emerging demands.

Decisions also need to be made to bring the expertise and experience of individuals together to create a high-performing team. A whole team of entrepreneurial thinkers may have lots of ideas but struggle to put them into practice; whereas a set of executors will be looking for the Five Year Plan for direction. Those managing VCD projects can think of their teams the way that sports managers do: “No one person possesses everything required to produce success, yet everyone must excel”.<sup>14</sup>

**Tip**



Hire based on attitude, not just aptitude. Use non-traditional techniques during hiring processes (see the case of the fictional ‘AIM’ project, below). Look beyond the CV to a person’s cultural fit within the team’s adaptive management ethos.

**Tip**



Use tools such as the [BEAM Exchange Competency Framework](#) to identify gaps in teams and look to recruit people to plug those gaps.

## A Tale of Two Projects: Action Interviewing

FIT hired their project team after reviewing CVs and interviewing shortlisted candidates. But by the time that new hires had actually had to go on field visits and interact with market players, it was usually past their probation period – which leaves it too late if people are not the right fit.

AIM also reviewed CVs and conducted interviews. But at the interview, they set candidates a task. Not a presentation, but a challenge: People had 2 hours to go to the local wholesale market and find out about recent trends in vegetable prices. They were told to find out what produce was the morning’s biggest price movers – up and down. Once back, the interviewers never asked about the actual prices, what they wanted to know was the process of how candidates went about finding out the information. By better understanding how candidates think on the spot – and their entrepreneurial, problem-solving and execution skills – AIM was able to quickly identify who might be the best fit for the team.

## 2) Modelling behaviours

A culture of adaptation needs to be developed and cultivated by the team leaders. This means setting standards for the whole team, first and foremost through their own behaviours.

Most importantly leaders should not just manage upwards – to their own bosses and to donors – but manage downwards by meeting the needs of their team members, project partners and, ultimately, the intended project target groups. A too-strong focus on upwards accountability risks turning into performative theatre: Where teams aim only for the perception of success. By practicing and prioritising the needs of the people who a project aims to serve – not just those who pay the bills – managers can help their own teams to be more responsive and open about failures.

Managers also need to create a safe space for learning. Their job is to protect the team from external pressures – whether that be donor dissatisfaction with the pace of results, or an organisational need to hit targets. The second task is internal – making sure there is an environment in which all team members are actively encouraged to understand what is going on, what is working well or not, what failed and why. Thoughtful disagreements should be encouraged, and team leaders (as well as team members!) encouraged to:

- Allow mistakes, whilst knowing what mistakes are acceptable and what types are unacceptable<sup>15</sup>
- Acknowledge one’s own limitations in terms of knowledge, experience, understanding
- Admitting uncertainties and not knowing what actions to take next - which is not a sign of weakness but an opportunity to learn and garner feedback

Managers need to set up specific actions and processes (see section 3 below) to reflect together and build buy-in around a way forward. There should be very few ‘top down’ decisions made by diktat – the team has to have buy-in around the direction of travel.

**Tip**



Pay attention to team incentives and avoid making career or personal success dependent on making interventions or partnerships work. Either give people multiple interventions to work on / partners to work with, or rotate team members periodically to avoid preciousness about forcing through the success of any one initiative.

<sup>14</sup> Principles: Life & Work. Ray Dalio. 2017.

<sup>15</sup> Ibid.



### 3) Lead the learning activities

Managers need to create time and opportunities for the team to carry out planning, reflection and learning activities. Developing a culture of learning is not enough – good ideas will drift into the ether unless some structure is provided to turn those ideas into action. The processes outlined in Part One are a good starting point – but team leaders need to make them happen.

Here, managers first need to help the team coalesce around the aims of adaptive management. This means making clear what elements of the project document are fixed and to get clarity about the project goals. Where there are competing priorities of, for example, the donor and beneficiaries (social change by beneficiaries, targets by donors), managers need to reconcile these – at least in the eyes of the team – and send a clear message about which one is the priority.

In terms of activities, managers also need to be able to avoid the extremes of micromanaging, and not managing at all. According to the development practitioner Christopher Maclay, this is much like a football manager who “does not direct every step in the process [...] cannot direct each pass, tackle or shot”.<sup>16</sup>

Managers, however, do design the game plans and run through possible scenarios. In adaptive management, a large toolbox exists for managers to draw on to allow them to train their team and provide guidance and strategic direction, when necessary. These include formal trainings, coaching, mentorships, regular review

and reflection meetings, and drawing on external expertise. Guidance and good practice associated with the DCED Standard is a rich source of knowledge on operational tools such as failure reporting or keeping short intervention diaries instead of long and detailed mission reports.

Armed with a plan, project teams are then given a “mandate for responsiveness, creativity and problem solving”.<sup>17</sup> But managers also need to take action when people are struggling and plans are going awry. As Maclay observes: If the team is 2-0 down, it needs a change of strategy/tactics. The manager’s job is then to step in, using the adaptation process to go back to the drawing board.

#### Tip

Schedule regular opportunities for reflection and learning, being careful to ‘adapt’ the process of adaptation as necessary when an events or learning activity proves to be not valuable, or too burdensome

#### Tip

Explore ways to promote higher-level learning that can connect project success with staff career development such as encouraging interaction among team members in different countries (e.g. through peer visits), or active participation in MSD networks such as the BEAM Exchange.



<sup>16</sup> Management not models: adaptability, responsiveness, and a few lessons from football, Development in Practice. Christopher Maclay. 2015.

<sup>17</sup> Ibid.

## The bottom line.

This ‘how to’ covered the three key building blocks of Adaptive Management in VCD projects. A process of doing an initial analysis, running small interventions, and then revising them based on evidence of what is working and what is not. A set of principles that can help teams manage flexibly and orientate their actions towards the achievement of project goals. And three key areas for project leaders to focus their people

management: staffing decisions, modelling behaviours and motivations, and how they programme activities.

There are a plethora of resources on adaptive management in market systems projects, and international development more widely. VCD practitioners are particularly encouraged to read the resources listed in the Annex, many of which were drawn on extensively to inform the guidance in this ‘how to’.

Process	Principles	People
<b>Do:</b> Based on a preliminary analysis, run ‘safe to fail’ experiments adjusted to a project’s level of risk tolerance.	<b>Keep your eyes on the prize:</b> Focus on achieving clear and well-communicated goals	<b>Team composition:</b> make sure to hire people with just as much ‘will’ and ‘skill’
<b>Measure:</b> Collect data to track the immediate results of activities, and see if the assumptions hold true	<b>No one knows everything:</b> Make ‘good enough’ decisions based on imperfect information	Lead by example and <b>model behaviours</b> that are conducive to creating a culture of learning
<b>Learn:</b> Reflect on what is working, what is not – and why	<b>Learn forward:</b> Ensure critical reflection helps inform future action, not just pontificating on past mistakes	Draw on the toolbox of <b>learning activities</b> and understand when they are best deployed
<b>Adjust:</b> Revise assumptions and re-plan, ‘cutting the cord’ if activities and/or partnerships do not work out	<b>Process has primacy:</b> Higher levels of uncertainty and complexity mean greater numbers of monitoring and learning events and processes	<b>Get better over time:</b> Time-bound adaptation is geared towards improving decision-making

## Annex: Key reading on adaptive management

- [Improving Development Design and Evaluation: Plan for Sailboats, Not Trains. By Rachel Kleinfeld. 5 Carnegie Endowment for International Peace](#)
- [USAID Learning Lab: What is Adaptive Management?](#)
- [Management not models: adaptability, responsiveness, and a few lessons from football. By Christopher Maclay in Development in Practice](#)
- [The Lean Start Up by Eric Ries](#)
- [Adapting Lean Thinking to Market Systems Development. Engineers Without Borders and Kenya Markets Trust](#)
- [The Science in Adaptive Management by the ILO](#)
- [The DCED Standard](#)

### Contact details

International Labour Organization  
 Route des Morillons 4  
 CH-1211 Geneva 22  
 Switzerland

T: +41 22 799 7239