2018 CLA CASE COMPETITION

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Case Title:

Integrating CLA into Organizational Structure, Partner Management, and Project Culture

The AVC team uses the Market Systems Change Wheel to think critically about how AVC partners' business strategies and trajectories have evolved over time. Credit: Agricultural Value Chains Project, Bangladesh

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Summary:

USAID's Agricultural Value Chains Activity in Bangladesh (AVC) takes a market systems approach to development to drive transformative change in selected value chains in Bangladesh's Southern Delta. During initial implementation, AVC employed a classic value chain approach. Technical teams were responsible for designing and implementing partner interventions in specific value chains (mango, summer vegetable, tomato, potato, pulses, groundnuts, coir and jute). At the end of year 2, however, AVC underwent a strategic re-organization moving from a classic model for value chain implementation to a more holistic market systems approach working with systemic issues across all value chains. This strategic shift presented a number of pressing challenges. First, AVC had to transform its own internal structure to reflect the more complex market system it was trying to change. Second, AVC had to quickly build the capacity of its staff to implement a market systems approach through business partnerships rather than more traditional NGOs. Third, AVC had to build a new learning organization to deal with the complex contingencies of implementing its systemic change model which requires rapid learning and adaptation—a management process not entirely conducive to target-driven development favored by some funding organizations. This case tells the story of what AVC did to accomplish this transformation linking the “inside” structure and culture to reflect the complexities of the “outside” problem domain it was trying to change and transform.

1. Which subcomponents of the Collaborating, Learning and Adapting Framework are reflected *most* in your case (select up to 5 subcomponents)?

- [x] Internal Collaboration
- [ ] External Collaboration
- [ ] Technical Evidence Base
- [ ] Theories of Change
- [ ] Scenario Planning
- [ ] M&E for Learning
- [ ] Pause & Reflect
- [x] Adaptive Management
- [x] Openness
- [x] Relationships & Networks
- [x] Continuous Learning & Improvement
- [ ] Knowledge Management
- [ ] Institutional Memory
- [ ] Decision-Making
- [ ] Mission Resources
- [ ] CLA in Implementing Mechanisms

2. What is the general context in which the case takes place? What organizational or development challenge(s) prompted you to collaborate, learn, and/or adapt?

In Year 3, the project made a strategic shift from a classic value chain model to a more holistic market systems approach. AVC defines its revised technical approach as working with existing market actors (agri-firms, service provider firms, and farmers themselves) to influence how they interact, transact, and collectively identify and address opportunities and challenges, to achieve the overarching goal of improving the market's professionalism and inclusivity over time. For example, the project works with leading input firms to identify their commercial incentives around buying a new type of improved seed that, when effectively marketed and distributed, will improve outcomes for smallholder farmers. This shift in project strategy created serious tensions between the project's organizational structure and culture and the structure and needs of the agricultural market that the project is trying to influence. For example, under the original value chain approach, many technical personnel were specialized in a single crop, even though farmers produce multiple crops. Agri-businesses also develop and sell products that are not value chain specific. This crop-specific structure also siloed technical staff into disconnected teams, which did not allow for effective internal cross-learning among team members and limited the project team's ability to recognize patterns of challenges, opportunities, or relationships/networks that were present across target value chains. Moreover, technical staff lacked experience in identifying business opportunities and challenges, the core of the new market systems approach. The new approach required the creation of sustainable business-driven partnerships with influential agricultural firms, but first technical staff needed to hone expertise in core business growth strategies including customer service, marketing and branding, and supply chain and/or distribution chain management. Addressing this development challenge of aligning the internal team structure with the external market structure required a new organizational culture that supported rapid learning and adaptation.

3. Why did you decide to use a CLA approach? Why was CLA considered helpful for addressing your organizational or development challenge(s)?

AVC started with a fundamental premise that the "inside" project team had to know and reflect the structure of the "outside" agricultural market system it was trying to influence and change. CLA became the dominant driving force underlying this transformation. The project used a CLA approach to understand both internally, how the project team could improve their ability to support needed market changes, and externally, what patterns of challenges in the market had to be addressed if markets were to become more inclusive and professional. Internally, this meant restructuring the technical team to mirror the agricultural market structure and incentivizing the team to participate in retraining and learning events. This mirrored the revised technical approach to change the structure and incentives that guide decisions and transactions in the agricultural market to improve inclusive growth and fairness. For example, AVC saw a need to improve internal collaboration by creating intentional space for knowledge sharing and cross-learning among teams. Positive collaboration is critical to both the project's professional functioning (internal) and to market actors in developing better systems for sharing knowledge and strategic cooperation (external). As AVC began to build towards knowledge sharing, trust and commitment within its own team, these same principles and approaches were being applied to partnering with private sector firms for improving the functioning of the market system itself. Moreover, AVC prioritized ongoing training and technical knowledge upgrading – again both internally and externally. As the project shifted to focusing on a specific portfolio of agricultural firms, new skills were needed for the technical and operations teams to support business strategy. AVC launched internal learning tools including business strategy training, challenges and contests, and quarterly events to reflect and share learning. Again, each of these strategies was mirrored in the project's external approach with partners, which included consultation to design business strategies, fostering healthy competition among firms to shift the way in which they interact and transact, and requiring similar periods of reflection, analysis, and adaptation for all partner firms.

4. Tell us the story of how you used a collaborating, learning and/or adapting approach to address the organizational or development challenge described in Question 2.

AVC placed CLA at the center of new market systems strategy, and used CLA as a process for changing the internal structure, drivers and biases of its staff and its partners alike. On the internal front, technical teams were reorganized around portfolios of private sector partners. Technical personnel were no longer responsible for a single value chain, but instead were responsible for a portfolio of business partners. Typically, a senior manager served as a focal point for 4-5 agribusiness firms. When a new agribusiness or supporting service firm was selected for partnership, the responsible parties work collaboratively to co-design an inclusive business strategy for growth using a business canvas tool. The tool allows for a full mapping of the system and where the firm wants to go, which is then formulated into a business plan. The business plans are summarized in an Adaptive Market Actor Agreement that serves as the guide for all future collaborative interventions between AVC and its private sector partner for at least a year. A senior manager is responsible for ensuring that the firms' business plans contribute to sustainable business growth that in turn aligns the firms' economic incentives and with AVC's development goals.

The cross-cutting team that previously focused on cross-cutting themes (nutrition, gender, and environment) was expanded to include cross-cutting business expertise that partners and senior managers could draw upon, including marketing and branding, media and strategic communications, behavior change, entrepreneurship, and research and technology. These new cross-cutting specialists brought new knowledge and experience to support the core technical team in designing strategies for their portfolios of firms. This new team structure facilitated learning and collaboration, as each portfolio manager was able to see how specific strategies work in practice, compare pilot activities and outcomes across teams, and work with the cross-cutting team to gather additional technical resources in response to demand. This diversity more closely matches the complexity of the outer system.

AVC reinforced these structural changes with a conscious cultural shift too. AVC became an intentional learning organization by incorporating into its routines a regular series of learning events and courses to reorient staff towards the purpose, knowledge and processes of facilitating system-wide change. The following are a few of the most important of these events: (1) Quarterly Portfolio Reviews: This quarterly event allows the entire team to reflect on the performance of the project and its partners in the previous quarter. The event is structured as a series of small group discussions around emerging trends and strategies, remaining challenges both within the project's approach and partners' strategies, and joint market challenges or opportunities across multiple firms. As part of this event, the technical team is asked to "grade" partners from A to C based on their level of commitment to pursuing growth strategies with AVC's support. This grading system allows the team to better allocate resources to high performing partners and withdraw support of underperformers. (2) Learning Lunches: This monthly event allows an AVC staff member to highlight an activity they are pursuing with a partner. This could be a highly successful activity that shows potential for replication with other partners. It also offers the project a chance to learn from their interventions and reflect on assumptions that did not work out in practice. When appropriate, the partner is also invited to share insights. (3) Systems Talks: These small group discussions center on specific systems-thinking topics to deepen interested staffs' understanding of the theoretical basis underlying the project approach. Each talk uses a case study example from AVC's partners. (4) Adaptive Market Actor Agreement (AMAA) Reflection Meetings: The AMAAs have built-in dates for activity reflection for every three months. At these meetings, the senior managers and partner firms are required to sit together to discuss each activity completed in the last three months and evaluate its impact. Successful activities may be scaled up and less successful activities are modified, adapted, or dropped altogether. These meetings ensure that the co-creation from the initial AMAA design continues throughout the partnership.

This internal change shifted the role of technical work from crop-focused to business-focused. This required AVC staff to hone new skills in agri-business and portfolio management. AVC began offering training opportunities as part of the project's annual performance reward system for high-performing team members. AVC also offered a simulation-based training module to allow AVC to put themselves in the shoes of its private sector partners to understand first-hand the investment options available to partner firms and how those decisions impact farmer-customers. Learning helped staff see the world from the partner's point of view and better co-design interventions. This culture of learning and the new norms and incentives put in place to support it, encouraged AVC staff to share insights, successes, and failures with one another on a regular basis, encouraging responsive adaptation and modification towards better practices.

5. Organizational Effectiveness: How has collaborating, learning and adapting affected your team and/or organization? If it's too early to tell, what effects do you expect to see in the future?

The focus on CLA brought positive changes to every level of AVC. First, the composition of AVC's partners changed dramatically. Previously AVC was working with small NGOs with limited scope to affect specific value chains. They had limited interest in business growth. AVC is now working with over 40 large and influential agri-businesses and service firms. These are durable partnerships based on trust and a mutual interest in improving economic outcomes in the Southern Delta. These partners are demonstrating their commitment to growth strategies not just in the Southern Delta, but throughout Bangladesh investing their own money to replicate the AVC-supported strategies in other sectors and other regions in the North of Bangladesh.

Additionally, the AVC team's internal structure is based on collaborative team work and coordination across team members and portfolios. This is demonstrated by the cumulative effects as firms learn from one another's business growth strategies including customer service call centers, inventory management systems, and social media marketing campaigns. The AVC staff prioritizes learning and knowledge sharing. AVC technical staff has deepened its understanding of market systems both in theory and practice. In turn, they have shared their knowledge in numerous events, blogs, and training courses. The AVC market systems team has written articles and blogs explicating key systems thinking strategies, applying learning from AVC, which have been published on the AVC website as well as in other learning platforms including the BEAM Exchange, an international online community for knowledge-sharing on market systems development and Microlinks , USAID's online community of practice for private sector development. AVC staffs participate in conferences including recent participation in a National Seminar on Market Systems approach for income and employment generation, women's economic empowerment, financial inclusion and promoting social services. AVC was one of the 16 participating projects along with leading personnel of the Government of Bangladesh and the Private Sector.

6. Development Results: How has using a CLA approach contributed to your development outcomes? What evidence can you provide? If it's too early to tell, what effects do you expect to see in the future?

Employing CLA has allowed AVC to create a culture of learning among its staff and its partners that produces increasing returns on AVC investments. Despite a number of unpredictable setbacks, including political instability and a terrorist attack, AVC has been able to achieve or make significant progress towards targets in relation to its contractual standard and custom indicators. Implementing through private sector partners, AVC will reach 239,000 households by July, the end of the five year life of project without an extension or 80% of its goal. As for the number of farmers receiving services, the number exceeds 158,000, or 106% of target. AVC's work with the private sector has resulted in a win-win scenario for both private sector and the farmers leading to an average of 29 percent increased yield per hectare, 76 percent increase in income level and creation of more than 40,000 full time jobs in 2016 and 2017 and expected to peak 74,000 by the end of July 2018.

Achieving targets is only part of the story. Underlying these numbers is the fundamental changes in the industry itself. The increasing uptake of customer-oriented strategies by large input suppliers and the renewed investment in establishing quality standards in supply chain management sets the stage for the eventual transformation in both structure and functioning of the market system. The beginnings of this transformation can now be observed in the significant change in buyer-seller relationships in the input supply system creating a positive self-reinforcing momentum for information sharing, trust building and increasing levels of investment in the distribution channels. This underlying change produces lasting benefits for farmers at scale with the widespread adoption of new varieties and practices, the major success factors in more traditional approaches to agricultural development. In the market development approach, sustainability is built in from the beginning because there is a business incentive to expand and grow.

7. What factors affected the success or shortcomings of your collaborating, learning and adapting approach? What were the main enablers or obstacles?

The enabling driving force in the success of AVC's CLA approach was its commitment to learning. However, to create an approach grounded in learning, a significant behavior shift was needed. AVC regularly held Quarter Portfolio Review (QPR) meetings where the team was given the opportunity to reflect on the past quarter's successes as well as failures that contribute to organizational learning and improved decision making. At first, the AVC team was comfortable reporting successes but lacked the willingness to participate in open dialogue required for real learning to take place. However, as the team became more confident in their strategy and observed field level changes, the teams felt more comfortable about discussing the emerging challenges as well as their successes. As a result the following QPRs were characterized by vibrant dialogue and discussions.

The format of the Quarterly Portfolio Review meeting changed with the nature of the discussion. Formal PowerPoint presentations were transformed into engaging issue-based small group work. Additionally, new activities were introduced by AVC's management to prompt new ways of thinking and encourage critical evaluation of partners and activities. Initially, AVC management had to urge the technical teams to choose activities that should be dropped, as the team was not comfortable sharing failure. In later QPRs, the team gained more confidence about discussing failures and challenges, and was more open to learn from them.

Similarly, initial Business Canvas models and Adaptive Market Actor Agreements (AMAA) took several months to be designed and completed, and technical staff required significant guidance, as providing the required level of "light-touch" business support to the private sector firms was new for them. It was important at the beginning that the technical team had strong mentorship, with deep market systems knowledge to help them think through the various challenges and business strategies.

The main enablers and obstacles remain the same: trust, commitment and knowledge sharing, there factors which either drive the learning system forward or constrain its development. This has proven true both for the transformation of the core team, the efficacy of partnering with firms and changing the drivers and biases of the system itself.

8. Based on your experience and lessons learned, what advice would you share with colleagues about using a collaborating, learning and adapting approach?

To create a culture of learning within a project implementation team, step one should always be assessing your organizational structure and ensuring that it (1) aligns with the structure of the economy or market you are trying to support; (2) allows the team members across departments to work together in a transparent and systematic way to learn from one another; and (3) enables team members to more easily recognize patterns of behavior, market opportunities and challenges across partners and sectors. Step two should be to designate specific times when the larger team, sub-teams, the project, and partners will come together to reflect on and evaluate activities. By setting specific times and events for this knowledge sharing and learning, the CLA process gradually becomes ingrained as a characteristic of the organization. It is important to shift the organizational practice from only highlighting its success to also leveraging its challenges and failures through an internal reflection process. This gradually leads to improved decision making in the program. Finally, staff training and development should be an implicit and ongoing characteristic of the organization. By linking training to performance evaluation, AVC is messaging that learning is a high priority and directly correlates to staff ability to perform at a high level. Finally, it is important to keep in mind, the important issue of building consistency between the internal workings of project organization, strategy and culture and larger system a project is trying to influence and change. The internal diversity should reflect the problem domain one is trying to transform. There is a direct connection between internal change processes and success in changing the larger system.