Managing Complexity:

Adaptive management at Mercy Corps

The world is changing at an unprecedented pace and scale. In the 'new normal' of a vulnerable, unpredictable, interconnected world that is more prone to shocks and stresses, the work of international humanitarian and development actors is also increasingly complex. To be effective in these complex environments we need to be more agile, able to adapt to changes in needs and opportunities in a timely and intentional way, by better understanding contextual dynamics. This requires constant learning, measuring, innovating, and iterating.

This document articulates why adaptive management is important, unpacks what it is, and elaborates the four elements that underpin it: culture, people and skills, tools and systems, and enabling environment.

Many our industry's structures, incentives and biases hinder flexibility. In a bid for transparency and accountability, rigid aid frameworks and compliance-oriented measurement structures unintentionally contribute to a focus on spending and results targets. In response, we make well laid plans which, despite the fluidity inherent in our work, we sometimes lack the confidence to change.

The contexts we work in are changeable and unpredictable and we must adapt in response. We can no longer copy and paste best practice. Instead, we must tailor our interventions to specific problems, and cognizant of the multiplicity of variables that affect people, contexts and programs we must seek, test and adjust interventions to find a locally led best fit.

> Adaptive management is "a structured, iterative process of robust decision making in the face of uncertainty, with an aim to reducing uncertainty over time via system monitoring."
> Holling

Adaptive management builds on Mercy Corps' decentralized structure and organizational culture that rewards experimentation and learning. It empowers, enables, and encourages teams to improve the quality and impact of programs by acknowledging unpredictability, learning about changes in the context, and adapting in response to rapid feedback loops.

Many of our teams and programs apply adaptive management intuitively. While all programs at Mercy Corps adapt in response to barriers or opportunities, what sets adaptive management apart is its intention to learn, experiment and adapt to find a timely 'best fit' for the changing local context.

In essence, managing adaptively means:

- Taking 'small bets' that allow us to build on success and learn from interventions that are not so successful

- Using rapid feedback loops, based on context analysis and program monitoring to adapt and improve implementation

- Changing strategies, plans, and activities to meet an overall goal, in response to new information

The remainder of the document outlines what is required to take an adaptive management approach.

Organizational culture

Organizational culture provides the cues, expectations and incentives to prioritize learning and adaptation – at the program, country, regional and organizational level.

Organizational culture has a reciprocal relationship with the other elements. It is both a foundation for, and a product of, people using skills, tools and systems to manage adaptively.

Components

Leadership	*Culture, behavior and habits are learned in response to the expectations of leaders. Leaders can set and signal culture through creating a clear vision, messaging and role modelling* • Recognize that a proposal is merely a starting point for a program • Co-create a strong vision of what success looks like, and how it can be achieved • Put 'learning by doing' into the explicit strategy • Message around the importance of monitoring and using data for decision making and role model these behaviors • Demonstrate careful listening and critical thinking skills, and ask difficult questions • Hold teams accountable to learn, change, and show evidence of adaptation and impact • Enable and encourage team members to admit when there are problems and coach them to find solutions
Teamwork	*In complex contexts, where change is unpredictable, we are most likely to achieve success when we capitalize on the knowledge, creativity and responsiveness of everyone in the team* • Encourage teams to provide ideas and feedback and listen critically to each other's input, asking questions to support learning, not to make expert points • Hold team events to celebrate and share learning and adaptation • Give power and decision making authority to those who can see when change is coming and respond to it[1]
Physical cues	*The physical environment teams work in can reinforce (or mute) the messages about communication, sharing, learning and empowerment.* • Post results chains, vision and graphical representations of goals and results in the office • Set up office for collaborative working (open plan office mixing people from teams and departments, swivel chairs to encourage movement, whiteboards)
Reinforce through formal mechanisms	*Behaviors and culture must be reinforced by the appropriate formal systems, incentives and structures to be maintained[2]* • Ensure systems (such as finance, procurement and M&E) and human resources (recruitment, onboarding and incentives) support and reinforce agency expectations of agility and adaptation

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[1] Honig (2014) cited in Owen Barder 'Evidence and Scale'
[2] Emily Lawson and Colin Price, "The psychology of change management," The McKinsey Quarterly 2003: Special Edition: The Value in Organization

By building a culture which supports adaptive management, the Uganda RAIN program has successfully improved farmer access to financial services and input/output markets.

The program team notes that its Director of Programs' leadership was critical to building its adaptive management systems and improving strategy. Leadership's openness to ideas from all team members, critical review and feedback, and accountability standards laid the cultural foundation needed to change the program's partnership strategy mid-stream.

For example, after observing that a financial services partner wasn't successfully dispersing loans, the program pivoted and launched a partnership with a new bank in the region. As a result of Mercy Corps work, this bank how holds 19% market share in the program area. RAIN's mid-term evaluation reported an estimated increase in incomes by more than 25% for 25,000 households in its operation area, and activities are currently being expanded under a new grant.

Coaching questions can stimulate a culture of adaptive management

- What are your reasons for doing it that way?

- What works and doesn't work about doing it that way?

- Is what we're doing the best option for achieving the impact we want to see?

- Can you imagine doing it a completely different way? What might the value be?

- What is going on upstream (policies, practices, habits, traditions etc) that affects how and why we're doing things this way? That affects what we're seeing on the ground?

- How does our work affect people and stakeholders, things, systems, practices and outcomes downstream?

- Are you seeing any (intentional or unintentional) changes in the systems you are working in?

- What links have you seen between things you previously considered unrelated?

How do I know if I am managing adaptively?

- Are you continuously accumulating a picture of the complex systems you are working in?

- Do you have clear feedback loops for using data/information generated to improve the program?

- Are program staff (not just M&E teams) responsible for collecting and using data?

- Are program staff providing insights into interventions and identifying opportunities for improvement?

- Have you dropped or drastically re-designed interventions that did not produce the expected outcomes?

- Have you scaled up and replicated interventions that proved successful?

- Have you introduced new interventions in response to a changed situation or new knowledge?

- Are you sharing information and learnings with those who write reports and proposals?

- Do you have a culture of inquiry, investigation and innovation?

- Are you measuring and rewarding innovation/entrepreneurial action, teamwork and sharing?

People and skills

Adaptive management depends upon a respected, empowered and accountable team, equipped with the skills of critical thinking, analysis and creativity who are expected to gather and use data and information in their work.

Structuring, recruiting and equipping our teams require careful leadership, planning and investment.

Components

Team composition	*Teams should be staffed and structured to encourage learning, collaboration and feedback loops* • Ensure budget and staff levels are sufficient for learning (both roles and time) • Build in budget flexibility to grow and shift team structure as program adapts • Create positions focused on team learning, at times paired with M&E functions • Dedicate resources to M&E staff and responsibilities (for all team members)
Recruitment	*To target candidates with the right skills set for adaptive management, it is important to recruit from a diverse pool of applicants against clearly articulated and tested skills and capacities that put learning center stage* • Identify leaders with curiosity and coaching skills to ensure team action and adaptation • Prioritize critical thinking skills and capacity in candidates, recognizing that technical expertise can be built on the job • Recruit team members from diverse professional backgrounds and encourage gender-balance in teams (advertise in appropriate locations, and in appropriate ways to generate a diverse pool of applicants. See the 'Women Wanted' guide) • Give case studies and problem solving tasks in interviews to identify required skill sets
Skills building and coaching	*Adaptive management requires that teams transform data into insight, judgement and action. Skills like reflection are not typical components of academic training, so we need to support individuals to learn how to learn.* • Hold skills training (using a range of techniques) on program design, monitoring and topics currently relevant to teams • Commit time to reinforce skills through coaching and mentoring by managers • Promote cross-team collaboration and mentoring based on individual strengths and growth areas • Build skills investment into budgets
Accountability	*Without the right incentives, the skills and capacities vital for adaptive management will not be picked up and used. It is only by making people and teams accountable for learning and adapting that they will do so.* • Incorporate adaptive program management standards into position descriptions • Base performance reviews and feedback on team members' success at learning and adapting (to improve outcomes) in addition to completion of activities • Schedule time for regular feedback between team members and their managers • Hold group feedback and self-reflection meetings to identify opportunities for skill development and process improvements

In a wide range of contexts, Mercy Corps has demonstrated that recruitment of critical thinking staff from non-traditional backgrounds can be a significant asset in building an adaptive team.

One Mercy Corps team in Syria is comprised of a number of Syrian activists with limited formal training in M&E and programs. However, due to the analytical capacity and commitment of the team, they've developed and implemented innovative approaches to understanding and responding to their environment.

Under a very different set of circumstances, the leadership of Mercy Corps' longest running Market Systems Development program, Georgia Alliances (ALCP), looks for applicants with strong critical thinking abilities and experience in business.

In Ethiopia, PRIME's market development component has transformed the recruiting process from a traditional panel interview to a process involving case studies to test applicants' entrepreneurial mindset and critical thinking.

By building teams that possess the skills that are difficult to teach, staff join teams ready to think strategically and build their capacity in program specialties on the job.

Do your team structures, people and skills support AM?

- Do your teams have the time, space and resources to continue learning about the context?
- Do you have any positions focused on learning and reflection?
- Is your team structured (formally/informally) to support learning between programs and M&E?
- Do all team members have M&E responsibility?
- Do your position descriptions and recruitment processes prioritize critical thinking?
- Does your program have budget for skills building?
- Do you have a coaching or mentoring scheme?
- Are team members clear that data collection, analysis and learning are part of their job?
- Are teams/team members rewarded for learning and adaptation?
- Do your implementing partners have team structures, people and skills that support AM?
- Are your partners open to the adaptive management approach?

Tools and systems

A foundational culture of investigation, debate and agility needs to be supported and reinforced by a broad set of tools (both technical and managerial), processes (such as recruitment) and systems (such as finance, procurement and M&E).

Components

Planning and monitoring	*Adaptive management does not remove the need to plan and manage a program. Monitoring systems are an important part of the learning and decision making process, and should be used to 'improve' programs, as well as 'prove' impact. Planning tools and processes should be revisited as monitoring tools provide information on where and how programs should adapt.* • Flexible workplans and budgets (with clear formats and time frames for updates) give teams consistent processes for adaptation • Indicators, measurement plans and systems should evolve with the program • Focus accountability on outcomes (not activities) • Make strategy visible to teams by using results chains linked with monitoring plans. Stoplight systems show progress against results chains • Help teams understand progress using dashboards and data visualization • Data collection tools such as market price monitoring and behavior change monitoring, can be used for rapid monitoring and feedback of information • Use a diverse range of tools (such as those learnt from Human Centered Design) • Quality assurance of outputs means confidence in implementation quality, which allows us to identify gaps in theory of change
Regular analysis	*Context analysis is not a one-off activity. Rather, it should be a regular part of programming that enables teams to understand, navigate and adapt to changes.* • After action reviews allow teams to process what works and identify areas for improvement • Observation, issues and question logs encourage analysis, track observations and serve as a guide for action • Risk matrices track rapid changes in complex, humanitarian environments • Risk registers allow risks to the achievement of outcomes to be monitored and managed • Network mapping and stakeholder analysis are useful tools for promoting team analysis • Analysis of stakeholder expectations and interests feed stakeholder management and engagement plans • In depth in-house studies keep knowledge, relationships and a nuanced understanding of the context in teams, available for future use

Components

Space for reflection	*Reflecting on current mental models, exposing assumptions, questioning activities and progress are crucial to ensure we are responding to context and achieving maximum impact. Creating space for candid reflection and questioning is critical to adaptive management.* • Weekly team meetings provide a regular space for sharing progress and raising challenges when they occur • Regular reviews with the whole team (including other departments such as finance, HR and operations) are used to reflect on progress against results chains and appropriateness of program strategy and tactics • In shorter programming cycles (such as in humanitarian contexts), lessons learned are captured in proposals and re-designs • Program reviews by complex program boards, Program Management @ Mercy Corps (PM@MC) and Technical Support Units • Lessons learned are a PM@MC minimum standard and the PM@MC self assessment is a useful tool to promote reflection on management practice
Piloting approaches	*Piloting, testing and adapting multiple ideas (rather than working to a single 'solution' identified at the start) is a core component of adaptive management. Tools and processes to support experimentation include:* • Processes and templates for concept note development during implementation • Mini-research and action-research projects to test new ideas • Identification of multiple possible interventions • Rapid piloting and testing of intervention strategies to adapt, drop or scale
Internal systems, norms and policies	*The need for flexible systems has implications that reach beyond the program team. Culture and behavior must be reinforced by internal systems, incentives and structures to be maintained.* • Create a shared vision and good communication with program and other teams (such as procurement and finance) • Encourage and expect teams to report on change, as well as impact • Program Management @ Mercy Corps is designed to equip and enable teams for adaptive management. It encourages all departments' involvement in planning, laying the foundation for ongoing effective communication between teams. It contains numerous tools, standards and processes to assist teams' adaptive program management

A number of Mercy Corps' programs have adopted tools and processes that support adaptive management.

After Action Reviews have become a mainstay for field and HQ staff to reflect on the effectiveness of their activities.

Risk logs help document learning for program teams in Iraq and Syria. Observation logs capture unexpected lessons from the field in Liberia.

A concept note model is used in Ethiopia PRIME to allow any member of staff submit ideas for activities. This reinforces the idea that those closest to the ground have the most relevant information to ensure interventions are adapted to local contexts and conditions.

Tools and processes such as results chains and quarterly reviews used in Market Systems Development programs in Ethiopia, Uganda, Myanmar, and Nepal allow program teams to learn from one another's experiences and improve their systems.

Enabling environment

To do adaptive management, and work on the changes needed in the first three components often goes beyond the vision of an agency. The ability to be lean and nimble requires buy-in and flexibility from the broader enabling environment, such as donors and host governments.

Components

Initial proposal design	*At the design stage, donor mechanisms, processes and expectations can support or undermine adaptive management. We advocate that donors:* • Prioritize learning goals in proposals • Budget for M&E and learning (activities and in positions) • Recognize that a higher proportion of budget spent on staff is an effective investment • Include inception phases, action-research, and pilot phases in design • Loosen the experience requirements for key personnel, particularly senior management • Highlight learning systems and objectives in proposals; build-in expectations of program review and re-design during implementation • Recruit agreement/contracting officers and evaluators that understand and promote AM • Use funding mechanisms that enable flexibility and experimentation
Implementation	*During implementation, donor and host governments can enable adaptation by expecting and allowing amendments. We advocate that donors:* • Allow for indicators, budgets and work plans to be adjusted in a timely fashion • Rethink accountability so service providers are responsible for outcome level changes • Expect, acknowledge and reward learning (as well as results) *Working on relationships and expectations with donors before adaptation is key* • Regular and informal communication with donors about program learning and progress • Plan for periodic budget revisions and set processes for on-going donor approval
Evidence and advocacy	*To achieve the requisite shifts in donor and government policies, mindsets and practices, we seek influence through the accumulation and sharing of evidence and experience* • Showcase programs improving their impact through adaptive management • Undertake ADAPT action research with the IRC, to accumulate evidence base and test key tenets of adaptive management

Mercy Corps Liberia has begun building adaptive management into the structure of its programs and making learning a priority in its communication with donors.

Under E-CAP in Liberia Mercy Corps designed an Ebola community mobilization program which included institutional learning as a primary objective of the program. By communicating clearly about the importance of adaptive management to USAID-OFDA and budgeting for the necessary resources, the program was able to invest in feedback loops between communities and program partners (using mobile technology).

As a result, the team could quickly react to changing circumstances and tailor the messages it delivered to over two million households across the country.

A practical example from Karamoja, Uganda From 'Navigating Complexity'

When the Growth Health and Governance Program's Animal Health Team realized their strategy did not fit with the reality on the ground, they made significant changes. A culture of inquiry, coupled with management messaging about flexibility enabled them to adapt. The changes meant major adjustments to their results chain, including the indicators of success that they were beholden to.

Systems change goal: GHG's Animal Health Team envision a future where high quality, up-to-date, affordable veterinary products and services are available to the poor from local businesses in Northern Karamoja. This is vital for Karamoja's largely pastoralist population, for whom cows and goats are the primary source of livelihood and a bulwark against food insecurity, and where disease is the leading factor that contributes to high animal mortality.

What was planned: One component of the team's strategy involves strengthening the distribution chain of quality animal health drugs, and working with local drug shops and veterinary workers to enhance and expand service delivery. The team had initially planned to strengthen the management capacity of existing community animal health workers (CAHWs), who had previously received training by NGOs and government.

What happened: The GHG team encountered hurdles in their work with CAHWs. In particular: (1) CAHWs were disparate, and not all of them were well-trained; (2) the perceptions set by years of NGO-driven distribution of animal health services had created distrust and low willingness-to-pay between CAHWs and local communities. As the team were working, they also established relationships with two high-capacity, licensed local drug shops. These drug shops were stable, managed by experienced veterinarians, and were eager to expand. The team began to see more traction working with the drug shops than with individual CAHWs.

Adaptation: After six months of attempting to work with CAHWs, the team decided to eliminate that component from their strategy. Instead, the team reoriented their strategy to focus on licensed drug shops that would be able to employ the network of CAHWs over time. The team saw in these drug shops the opportunity for higher leverage and scale. Not only would the shops be able to provide CAHWs with support (technical and credit), but quality of services would be higher under the oversight of licensed veterinarians.

Instead of being bound to the indicators in their results chain (e.g., "average working capital received by CAHWs" and "quantity of supplies delivered by drug suppliers to CAHWs"), the team chose to pursue a more impactful strategy that would accomplish the same overarching goal of improving access to animal health products and services (an indicator on the revised results chain reads "% of CAHWs receiving embedded services from local drug shops"). Since then, the team has facilitated a relationship such that Norbrook, a world-class supplier of animal health drugs, has begun distributing in the region through a high-performing drug shop. This nascent commercial link, the first of its kind in Karamoja, resulted in an overnight drop of drug prices by 20-30%.

Want to learn more?

A confluence of international donors, movements and critical thinkers are recognizing that we need new ways of working in complex environments if aid is to be effective. Some useful resources include two case studies from Mercy Corps:

Amir Allana and Tim Sparkman (2014) Navigating Complexity, in *Knowledge Management for Development Journal*
Shanti Kleiman (2013) The RAIN Learning Study, Lessons for Effective Resilience Programmes
Christopher Maclay (2014) Management not models: adaptability, responsiveness, and a few lessons from football
Duncan Green (2015) Fit for the future? Development trends and the role of international NGOs
Engineers Without Borders (2014) Shifting Aid Models to manage for systemic change
World Bank Group (2015) World Development Report 2015: Mind, Society, and Behavior - particularly chapter 11
Doing Development Differently
Hilton Root, Harry Jones and Leni Wild (2015) Managing complexity and uncertainty in development policy and practice

Multiple teams and people are instrumentally involved in helping Mercy Corps advance the adaptive management agenda. To learn more, contribute to the initiative, or get support with applying an adaptive management approach, please contact:

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