

*This 'How to!' note, is one of a series in which practitioners share technical information about how to tackle a commonly met challenge in market systems development. To share your own 'How to!' note, please contact [editor@beamexchange.org](mailto:editor@beamexchange.org)*

## Develop systems to enhance operational flexibility

### The challenge

How do you ensure the project/intervention is flexible and able to take on emerging opportunities?

### Overview

Intervening in complex market systems requires firstly understanding how a market is changing over time. It also requires having internal processes in place to gather and make sense of those changes. To do this effectively is known as managing 'adaptively'. There are many challenges with this approach that mainly lie in the way programmes are set up and thought through (more on this [here](#)). For example, programme timelines require certain results on a set schedule; payments need to be made at particular intervals; monitoring tends to occur periodically as opposed to in response to market developments, etc. The MarketMakers project, which implements through distributed regional development agencies (RDAs), faces similar problems, making a free-flow of real-time information and quick decisions crucial to programme success.

### MarketMakers

Is funded by the Swiss Agency for Development and Cooperation (SDC) implemented by Helvetas Swiss Intercooperation and Kolektiv d.o o./posao.ba. in Bosnia and Herzegovina. SDC is currently supporting supply, demand and intermediation interventions in youth employment while MarketMakers focuses on the creation of job opportunities for 15 -29 year-old women and men using a market systems approach in tourism, food processing and ICT.

#### **Box 1: The co-facilitation model**

MarketMakers operates through a unique co-facilitation model: its implementing partners are local regional development agencies (RDAs) which represent the main economic regions of Bosnia and Herzegovina. Together with the project core staff, they implement project activities in their respective region, usually focusing on one specific sector.

Introducing RDAs to the market systems development approach is part of the project's mandate, ensuring that a more systemic approach to project implementation is cultivated. Increasing their ability, understanding and buy-in/ownership of market systems approaches is thus critical. Moreover, with MarketMaker's office in Sarajevo, RDAs are the project's extended arm on the ground; they are the ones who liaise directly with project partners and foster relationships – a significant component in market systems projects.

The model requires a heavy investment in capacity building, consistent learning, meetings and the smart use of technology. It can be labour and time intensive, but pays dividends in terms of building strong relationships with partners and understanding local realities.

## MarketMaker's approach

MarketMaker's approach to managing adaptively draws on four pillars:

- The collection and interpretation of useful data using informal channels
- Translating this data into real-time decision-making
- An organisational culture that values risk-taking and 'safe to fail' spaces
- High-trust, communicative relationships with SDC and programme partners.

### Collecting and interpreting real-time data utilising informal tools

Data is collected using both formal monitoring tools, as well as other, more responsive tools. These latter, informal processes include the use of 'observation logs' and Microsoft's Yammer System (see below). Using both allows the team to communicate effectively across a wide geographical area without endless email communication, aggregate a large number of resources in one place, and ensure that management is aware of emerging opportunities and challenges.

The observation log is a simple tab in an Excel document, which includes three columns: date, observation and rationale for the observation or change in strategy. This last column is not always necessary as most observations do not warrant such a change. This tool allows the team to capture information that does not necessarily fit into results chain indicators, particularly documenting information that arises from interactions in the field with partners. Observations feed into intervention teams' status updates as well as prompt *ad hoc* meetings as needed.

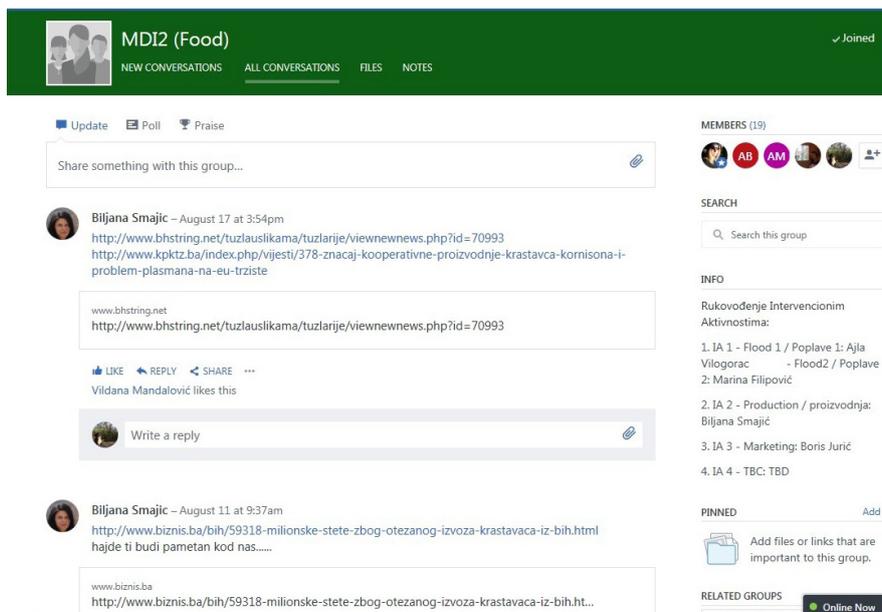
#### Box 2: Example – Observation log in food

MarketMakers was working with two marketing agencies to promote greater awareness and use of marketing services amongst food companies. The team used the observation log to record the fact that food companies saw marketing as both expensive and not particularly valuable. Furthermore, food companies did not particularly trust marketing companies and *vice versa*. If MarketMakers had only tracked data according to indicators, they would have missed the fact that there was limited trust between food companies and marketing firms, as all relevant targets were being met at the time.

As mentioned, MarketMakers works through RDAs, where staff are seconded to the project on a semi-permanent basis. This allows MarketMakers to draw on local expertise and technical guidance that will remain after it ends. However, this model creates communication challenges as RDAs are permanently based in their economic regions.

To address this MarketMakers uses Yammer, a programme developed by Microsoft that serves as a "private social network that helps employees collaborate across departments, locations and business apps." MarketMakers uses it as a tool for data collation, as it allows the team to upload information on real-time project changes irrespective of location. It is also used as a 'one-stop-shop' for team discussions and organising intervention documents. This allows for free-flowing conversations, sharing of resources, and speedy updates without the need for consistently shared office space. The screenshot below offers a glimpse into how the software operates: with the left column broken down in sectors (e.g. food) and cross-cutting themes (e.g. MRM and gender); the middle section for discussion related to the theme/sector of focus; and the right column broken into sub-sections with internal documents and useful resources:

Figure 1: Yammer screenshot



### Translating informal data into real-time decision-making

Just collecting good information does not guarantee operational flexibility. Data needs to be sifted and compiled in a way that makes sense and supports evidence-based decision-making. This was initially a challenge for the MarketMakers team but has since been made simpler through the aforementioned tools.

**Box 3: Example – translating informal data into improved interventions**  
As a result of staff observations regarding poor trust between food companies and marketing firms, management was made aware that the intervention was not going as planned, prompting a series of team meetings in order to discuss what to do next. As a result of these meetings, MarketMakers decided to change its approach and collaborate with a food-industry association called KP Buy Domestic (Kupijmo Domace), which was known amongst food companies and well regarded in the industry. Together with MarketMakers, KP developed their own “local service office”, which will offer a range of affordable support services, including marketing, to its members. By working with KP, the project hopes to create greater buy-in amongst food companies – something the previous intervention struggled to accomplish.

Data collection is backed with monthly team status meetings, where management and intervention leads discuss progress and make decisions as to plans for the following month. There is also a general office meeting that occurs weekly.

### An organisational culture that supports risk-taking

Another crucial ingredient in effective adaptive management is developing an organisational culture that supports independent learning, risk-taking and allows for failure. For MarketMakers, the observation log and Yammer act as prompts for management to stimulate short, informal conversations with staff related to how interventions are progressing and whether or not there is a need to change course. These ongoing dialogues provide the basis for decision-making. Staff are encouraged to innovate and try new approaches based more on their observations and instincts than on rigorous quantitative evidence. Management encourages a culture of critical discussion, creativity and dissent, which allows for flexibility and innovation.

**Box 4: Example – Hub 387**

One example of this type of culture in practice was MarketMakers' work developing Hub 387, a Silicon Valley style innovation space. The brainchild of Bosnian-American tech entrepreneur Edin Saracevic, the idea was ambitious and beyond what was generally considered possible in BiH. Despite uncertainty, the project agreed that it had found the right partner with the drive and experience to push an idea that was worth testing. What made this intervention unique was that the team had little evidence that this type of ICT hub could work in BiH and instead relied on a willingness to try and fail if necessary.

**High-trust, communicative relationships with partners and donors**

Operational flexibility is also grounded in part by the nature of the relationships with partners including SDC, its RDA implementers and partner businesses. The RDA model allows MarketMakers to have a wide geographical breadth and interact with business partners on a frequent, informal basis. In many cases, RDAs have worked in their respective economic regions for decades and have developed extensive networks, which allows them to foster and maintain relationships in way that is difficult for one-off consultants or Sarajevo-based staff. This allows for the continuation of the RDA staff's role as technical mentor and thought partner even after the period of financial support has ended.

These relationships also enable candid dialogue, as in the case of the food company example outlined in sections 1) and 2). If a high-trust relationship did not exist between RDAs and food companies, they would be much less likely to share their opinions of marketing firms and express doubts regarding the value of marketing services. This, in turn, would have led to a situation where MarketMakers had the false impression that the intervention was going well. MarketMakers also brings SDC along on its learning journey. While not pre-scheduled or mandated in advance, SDC is invited to participate in all MarketMakers' strategic meetings as a means of helping them to understand what the project is doing and to get feedback on direction. This is especially the case when, as in the food association example, a major change of course is proposed. That way, instead of simply being informed of programmatic shifts, they have the opportunity to actively engage with the messy process of coming to key decisions. This level of transparency allows the donor to feel part of the process and avoids any 'big surprises'.

**Going forward**

While not perfect, MarketMakers' approach to adaptive management appears to be working well. One challenge that continues to appear, however, is the connection between informal processes of information capture and associated decision making to the more formal aspects of its MRM system. This disconnect came out as a clear area for improvement within a recent strategic review. MarketMakers is currently exploring strategies to ensure that its MRM system is providing information that is timely and useful not only for accountability but also for decision-making.



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