

> Building high-performing teams for market systems development

Report

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Building high-performing teams for market systems development

Executive Summary

This paper explores how to build high-performing teams for programmes that use the market systems development (MSD) approach. It is based on research commissioned by the BEAM Exchange in 2017, that set out to identify the core competencies of high-performing MSD teams and the practices that team leaders adopt to recruit and build such teams. The study reviewed theories, models and literature that explains high performance, and conducted in-depth interviews with donor staff / advisors (five), team leaders (four) and consultants (seven) from MSD implementing organisations.

Characteristics of high performance

High-performing teams are relatively small groups of people that are highly committed to a common goal and approach; have complementary skills and expertise; share leadership and trust each other. Such teams foster collaboration and innovation and produce superior results. Building high-performing teams requires time and enabling conditions for them to evolve according to their own characteristics.

Competencies of high-performing teams

The study found that the people who make up high-performing MSD teams bring a wide range of competencies to the party, which we organise into three sets:

1. **Strategy & analysis**

This set includes capabilities for interpreting sustainable development goals through a systems lens, for conducting business and financial analysis, developing behavioural insight and for integrating sectoral expertise. It is also about critical thinking, foresight or vision and innovation.

2. **Intervention implementation**

This set includes capabilities for decision-making in conditions of uncertainty, for moving from analysis to action, for coordinating interventions, as well as technical skills related to monitoring, learning and accountability.

3. **Teamwork & people skills**

This set includes capabilities for effective communication, for facilitation and for influencing people. A key element is also a capability for self-learning.

Detailed information and resources about these core competencies will be published shortly in the BEAM MSD Competencies Framework – on online resource that complements this paper.

Developing high-performing MSD teams

The process of developing a high-performing team has three aspects:

Assembling teams

There is no blueprint for recruiting high-performing MSD teams: we found little consensus about the optimal structure, size or mix of expertise. Team leaders reported success with both small and large teams. Some successful teams are composed of highly specialised technical experts; others have generalist business and management experience. It is highly context specific.

However, interviewees consistently recognised a need for a more open, fluid dialogue between donors and implementers about team structure and required expertise. Rigid, pre-determined hiring requirements are a problem. This is especially true in the transition from tendering to inception phase, when many decisions about recruitment are made. Overly narrow personnel specifications for team leaders is a particular problem: one that requires donors and implementing organisations to be more imaginative in their recruitment strategies.

Building teams

On-the-job training and other forms of skills development and capacity-building are vital to creating high-performing teams. We found a deficit of affordable capacity-building service providers with MSD knowledge, who are able to balance development of hard and soft skills. There was also evidence of staff being jemmied into specialised task roles (procurement, intervention design, M&E, field implementation) prematurely at the expense of communication, cohesion and a shared understanding of the MSD approach.

Nurturing teams

High-performing teams are not born overnight – they emerge and evolve under conditions that nurture group performance. An entrepreneurial, collaborative team culture, and routines that support and reward self-learning among staff is vital to this.

Successful team leaders also create a 'buffer' from donor or Head Office created pressures so that their teams have sufficient time and support to build trusting relationships, define roles and develop effective communication across units. This finding sits in some degree of tension with promises of 'quick wins' during inception phases made by implementers in their competitive attempts to win bids.

Conclusions

As a field we need to actively question the recent decline in budgets for capacity building, and challenge the assumption that requisite knowledge and experience for high-performing MSD teams can be acquired 'off the shelf' and ready to roll.

Donors and implementers need to negotiate team structure for specific programmes through ongoing dialogue.

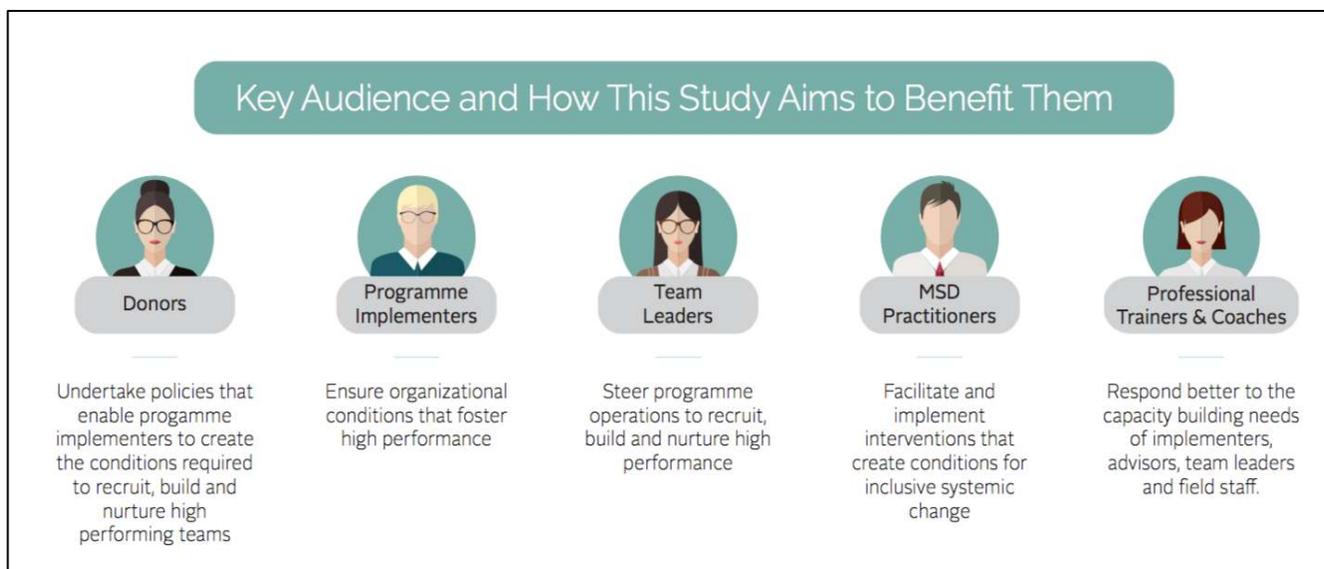
Implementers need to invest in policies and teams for internal capacity building to support the growth of a talent pool, especially team leaders.

Team leaders need to focus on developing a programme team culture that thrives on learning, peer-support and mentoring, and the empowerment of front-line staff.

1. Introduction

In 2017, the BEAM Exchange conducted research to better understand the competencies that contribute to high performance in teams using the market systems development (MSD) approach. The research grew out of an earlier study that had analysed the root causes of underperformance in the market for training and capacity-building services for MSD practitioners¹.

This report is an output of the latest research. It examines the practices used to develop and nurture such competencies, and the organisational conditions that catalyse high performance. And it considers the roles of donors, implementing organisations, team leaders, practitioners and training providers in the creation and maintenance of high-performing MSD teams.



The study was underpinned by a review of literature to define the main concepts related to teams, high performance and competency. This literature included BEAM publications as well as journals, guidelines, blogs and other articles. We then interviewed respondents face-to-face, by telephone, and in two cases through extended email exchanges. The responses were synthesised and cross-analysed to define the similarities and differences in the responses and reach the conclusions that are presented in this report.

Our 18 respondents comprised six team leaders, five donor advisors and seven technical advisors from programme contractors (implementing organisations) with experience in recruitment, team structuring and team building processes. Collectively they represent 22 market systems programmes, three donor agencies (DFAT, DFID and USAID) and six implementing organisations (DAI, FSD Africa, Helvetas Swiss InterCooperation, Palladium Group, Swisscontact and World Vision).

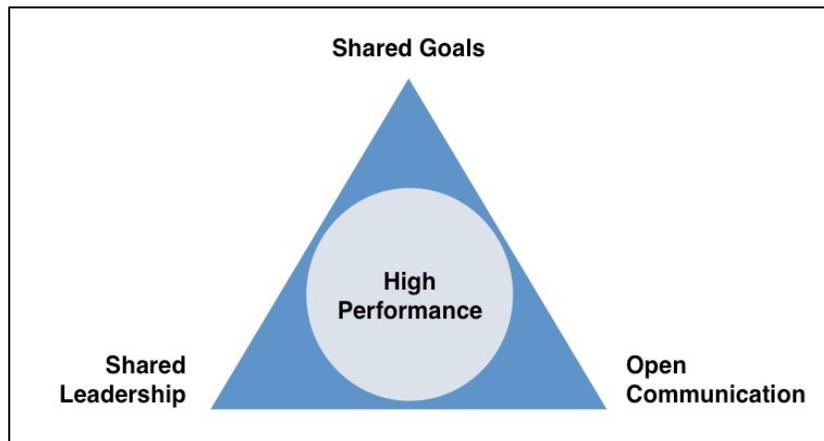
¹ **Randall & Osorio-Cortes (2016)** *Capacity building for market systems development*, BEAM Exchange <https://beamexchange.org/resources/804/>

2. Characteristics of high-performing teams

What makes the difference between strong and weak teams in market systems development?

There is a wide range of literature² on this subject, which emphasises a commitment to common purpose, goals and approach, complementary skills and shared leadership. Teams that produce consistently good results trust and know what to expect from each other. They hold themselves mutually accountable, communicate openly and clearly and by having clear operating rules, they are able to resolve conflicts early.

Essentially this boils down to three fundamental characteristics:



'A high-performing team is a group of results-driven people who bring leadership, team-work & people-management skills, working with innovation, creativity and integrity.'

Interviewee

Figure 1 Characteristics of high-performing teams

Shared goals Interviewees were clear that the need for shared goals extends beyond programme team members: I includes donors, contractors, local partners and market actors. According to our informants, it is relatively easy to build a common understanding about the end-result a project is striving to achieve: “the what”. However, it is much more difficult to align team members around the strategies and tactics or the “how”.

This is important because successful MSD projects must create conditions within the market system to enable market actors to continue producing a desired set of outcomes – such as inclusion, efficiency and productivity, in the long run. This requires very different strategies and tactics to those of traditional, output-driven projects.

Even though operational definitions exist, the market systems approach is interpreted and adopted by practitioners in different ways. For instance, how and to what degree to engage marginalised actors? How and when to use subsidies? How to identify and engage private firms? These differences lead to divergent expectations and tensions among team members. If these differences are not openly discussed, the resulting friction erodes performance. Achieving consensus on *how* to implement the MSD approach in specific contexts is crucial for teams to raise their performance.

Shared leadership

The team leaders we interviewed understand leadership as the process of establishing a vision, organisational structure and culture that incentivises individual team members to take initiative. This means encouraging all team members to be creative in designing solutions to market system challenges, responsive to opportunities and challenges on the ground, and proactive in getting things done. This type of leadership involves flexibility on the side of the team members to shift their perceptions and expectations whenever necessary and enables any “team

² For example:

Katzenbach & Smith (1993) *The Wisdom of Teams: Creating the high-performance organization*, Harvard Press
SHRM (2015) *Developing and sustaining high-performance work teams* <https://goo.gl/V5ztNu>

member [to modify] the motivation or competencies of others in the group”³.

Our respondents see a clear link between shared leadership and high performance because teams can adapt and respond to changing market dynamics. Therefore, leaders must recognise the value that each member’s initiative and perspectives bring to the MSD approach. These leaders create conditions for their teams to constantly evolve, redefine their strategies to achieve targets and realise when these targets should change (and even be abandoned). To achieve this, team members must be encouraged to take initiative and be acknowledged for it.

Open communication

Members of high-performing teams share ideas, problems, opportunities and experiences among themselves on a routine basis. The quality and frequency of this communication strongly influences the team’s performance. According to our respondents, in a high performing MSD team communication is fluid, spontaneous and frequent. This stems from a culture that encourages initiative, enabling communication exchanges that are not bound by organisational hierarchy.

The challenge is that team leaders and senior managers rely on field staff to understand the effectiveness of the interventions. In contexts of low trust or rigid hierarchy, field teams react by feeding successes to management and hiding or minimising failures. This hampers the capacity of team leaders and managers to take corrective measures or adjust strategies.

Another challenge commonly reported by some interviewees is that programmes with too many departments or units (e.g. intervention management, procurement and contract management, gender and M&E) tend to suffer from weak or distorted communication. In such projects, individuals in different units struggle to see the connections between their tasks and those of colleagues in other units. For example, intervention managers blame procurement teams for overly bureaucratic processes; gender teams blame intervention managers for ignoring their suggestions; and M&E teams complain of inconsistent data collection from field teams.

Successful team leaders navigate these challenges by breaking down silos, building genuine shared understandings of roles and interconnections, and empowering individuals to take initiative, make decisions and communicate openly their learning and progress.

Characteristics of competent individuals

High performing teams are not simply a function of great team leaders getting everyone ‘in line’. Individuals characteristics play a critical role in bringing this to life: through their interactions the team is formed and can perform. The M4P Operational Guide⁴, Chapter 6, describes the necessary mix of competencies in managing, analysing, designing, facilitating and measuring, and also notes the importance of team composition: ‘a mix of ‘thinkers’ and ‘doers’.

We asked our respondents about the competencies⁵ that matter for programmes using a MSD approach. This enquiry identified a landscape comprising seventeen core capabilities which are described in detail in the on-line BEAM MSD Competency Framework (to be published March 2018)

³ **Bass (1990)** From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*

⁴ **Springfield Centre (2014)** The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC & DFID

⁵ **Competency** is the capability of applying a set of related knowledge, skills and attitudes to successfully perform critical work tasks and functions, or operate in a given position, according to predetermined standards.

Chouhan & Srivastava (2014) *Understanding competencies & competency modelling, IOSR-JBM Vol 16 / 1*

Competencies required for MSD programming		
Strategy & Analysis	Intervention Implementation	Teamwork & People Skills
A systems perspective on poverty & development	Decision making	Relationship building
Business & financial analysis	From analysis to action	Facilitation
Behavioural insight	Coordinating multiple interventions	Communication
Integrating sectoral expertise	Monitoring and learning	Influencing
Knowledge synthesis	Donor relations & compliance	Self-learning
Critical thinking, foresight & vision		
Innovative thinking		

Figure 2 Outline of BEAM MSD Competencies Framework

We found that in successful teams, **MSD practitioners** (team members) take initiatives and break silos, engage with different units and reach out to experts beyond their own field. This is associated particularly with developing a personal discipline for self-learning and constructive self-criticism, which manifests as open communication, particularly in difficult situations. To encourage team learning, practitioners engage with co-workers to support each other on learning goals, define themes of interest and participate in online and offline forums for discussion, debate and learning.

We also found that successful MSD team leaders pay attention not only to the knowledge and visible 'hard' skills that staff bring to their organisation, but also to less tangible 'soft' skills and attitudes. They work with their team members to develop self-assessments of visible and hidden competencies. This can lead to developing personalised training goals and learning plans. As part of these plans, great team leaders also encourage their staff to use the wide range of MSD content available online and support them to integrate their learning through ongoing coaching and mentoring.

3. Creating high-performing teams for MSD

We asked the respondent team leaders what challenges they face in assembling, building and nurturing MSD teams and how they foster shared goals, leadership and open communication. Their responses are synthesised in the diagram below:

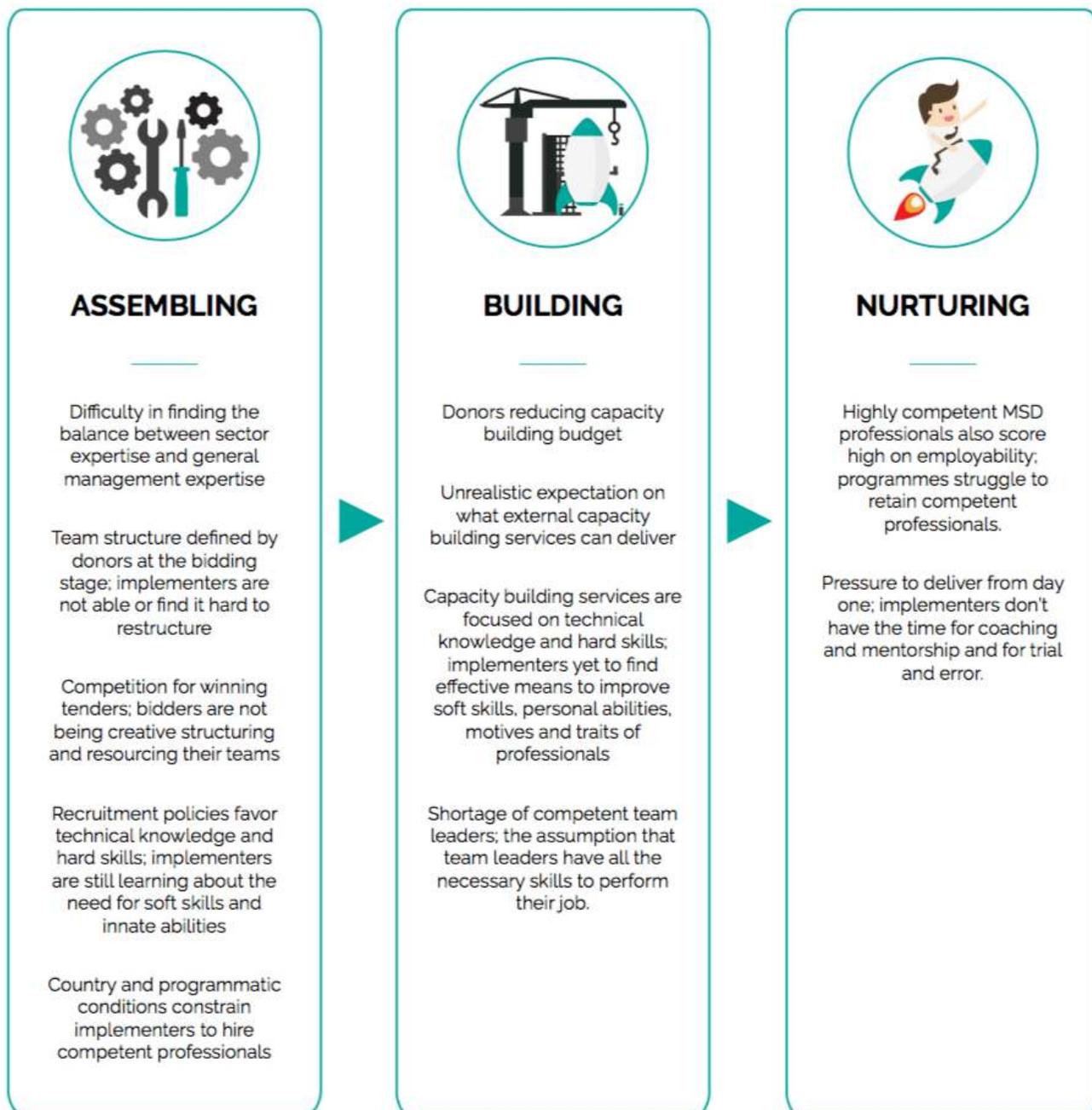


Figure 3 Challenges in assembling, building and nurturing MSD teams

Assembling high-performing teams

The first and foremost challenge is defining the team structure that can secure high performance. The respondents were divided on the optimal structure of project teams: small task-oriented units or into larger autonomous sectoral teams? They were also divided on the right mix of expertise and whether to add team members gradually or all at once at the onset.

Structuring and right-sizing the team

The general advice from our respondents is to keep team structures fluid so they can evolve over time. The project could start small during the inception stage and acquire more expertise – either through full-time staff or short-term technical experts – as the strategies and interventions become clearer. Team leaders should regularly assess the capabilities of their existing team members and look to fill important gaps through later hires to ensure that teams have all the required competencies.

Often programmes feel constrained by requirements for specific roles and expertise. One respondent said that he inherited a programme where the bidding document specified that the team should have a specified number of sector analysts, monitoring experts, gender experts and communication experts. He highlighted that such rigid requirements crippled the programme’s capacity to deliver. In another programme, the donor asked for specific expertise to be present. This led the programme to hire exclusively sectoral experts for the management of the programme. After one year, the programme team had to be restructured as the strategy proved to be a failure.

Some donors advisors disputed this interpretation. One advisor explained that programmes in countries that have prior experience of applying the MSD approach in similar sectors already know what works in terms of team structure and capabilities. They argued that the recommendations from the donors on desired programme structure should not affect performance. Others claimed that they do not specify the structure; rather they specify qualifications and competencies within the team that would benefit the programme.

The accounts suggest that there is a perception of restricted autonomy for programme implementers to define the team structure and competencies required. The amount of steering from the donors varies depending on the sector, the country, the experience of the implementer and the management approach of the donor advisor assigned to the project. In any case, there seems to be space for the implementers to negotiate a team size and structure that can deliver high performance.

The takeaway is that team leaders should not blindly accept inherited structures that they consider inappropriate for the project. The structure and size of the team can and should respond to the needs of the project, but team leaders need to negotiate and advocate for this to happen. For their part, donors can be more flexible and encourage negotiations with implementers to agree on the structure that maximises performance.

Advocating flexibility

One implementing organisation regional head described how their project benefited from the creation of a position that was not specified at the bidding stage. During the inception phase, it became evident that the project needed an expert on public sector relations to liaise with government agencies and ministries. The project swiftly presented the case to the donor and the new position was approved.

Getting the right mix of expertise: generalists vs. specialists

All respondents agreed that projects using the MSD approach require a mix of sectoral expertise on:

- (i) sectors the project is intervening in (e.g. livestock, fisheries, finance, energy)
- (ii) development issues (e.g. gender, empowerment, poverty, environment and governance)
- (iii) business development and management (e.g. economics, finance and marketing).

However, interviewees were strongly divided about the right mix that can ensure high performance; particularly on the issue of hiring technical sector specialists.

One of the team leaders interviewed commented that he is ‘wary of sectoral specialists in the team’.

He prefers staff with a basic sectoral background (e.g. familiarity with dairy markets) rather than deep technical expertise (e.g. decades-long milk production consultants). According to him, sector specialists with deep technical knowledge and experience can bias the strategies proposed by the team towards technologies and business models they are familiar with rather than those that will work best in the market system.

Conversely, a team leader who is managing a project in the financial sector, said that hiring senior finance professionals with direct access to the sector's stakeholders helped him to gain access to CEOs and senior managers and strike deals faster.

The preference of our respondents is to have business professionals leading the teams, with support from professionals with sound sectoral backgrounds. The background and expertise of these "generalists" increase the capacity of the team to think more holistically and create better conditions for communication amongst team members, supporting team convergence around shared goals. Professionals with sectoral expertise, on the other hand, provide access to peer networks which can accelerate the implementation of specific activities or provide unique insights about how the sector works.

Positioning expertise: bidding based on what donors want to hear

Over and above the debate about the ideal mix of generalist and specialists, respondents were pragmatic about how donor expectations shaped the individuals they put forward in their bids. Most respondents agree that the competition to win tenders often leads implementing organisations to opt for expertise that *wins* the bid, rather than expertise that *works* in delivery. Several advisors from the implementing organisations acknowledged that it is difficult to sell general management experts as key staff during the tender stage.

The perceived expectations of donors are thus crucial in shaping the recruitment behaviours and proposal development of implementers. The number of years of experience and relevant sectoral expertise are seen as indicators of competitiveness during the tendering stage. Therefore, despite being aware of the importance of striking a balance in the team composition, bidders end up focusing on sectoral, technical (vertical) expertise at the expense of more holistic, multi-disciplinary (horizontal) expertise, such as management or economics.

Hiring expertise: competing in thin markets for MSD talent

The tendency to hire on the basis of visible technical expertise and hard skills is exacerbated by the fact that sectoral experts are much easier to recognise and hire than generalist management professionals. Our respondents reported that generalists are harder to recruit because they are also in demand from multinationals companies that offer better salaries, perks and incentives and a more stable career path than donor-funded projects.

Recruiting top talent is harder in remote or conflict-affected areas. In this context, increasing donor pressure to reduce staffing and capacity building costs is identified as a significant constraint. Overall, our respondents shared useful insights on how they are dealing with the recruitment challenges:

- **Understanding the local context quickly to attract and hire competent staff**

One team leader mentioned that he hired staff with foreign degrees to address the shortage of qualified graduates produced by the education system in the country.

- **Recruiting fresh business graduates**

For one of the advisors interviewed, this tactic has yielded high dividends for the programme, particularly when using innovative tactics like roadshows in business schools and adverts on social media. However, this requires flexibility from the donors during recruitment.

- **Selecting staff using interactive processes**

The traditional selection process based on the scoring of CVs and cover letters is being replaced by interactive processes between team leaders and candidates such as case studies, group interviews and presentations.

Building high-performing teams

'Donors expect that people are hired because they are competent, and therefore the implementers should not have to invest further in building their capacity'.

We detected that this attitude (as articulated by a team leader we interviewed) is having significant influence on team performance. Implementers strongly questioned the assumption that “ready-made” people can be hired in every context. Despite this, all respondents reported that donor agencies are reducing funds for capacity building of staff within their programmes.

Exacerbating the situation is the high cost of training services driven by a lack of local training service providers. This means that programmes are almost exclusively dependent on international providers.

Available training services are almost exclusively targeted towards entry and mid-level professionals⁶. This creates a major gap in training opportunities designed to enhance the capacity of team leaders to manage MSD projects – many of whom work in relative isolation from peer-learning support. Regardless of their experience, many team leaders could benefit from continued professional development. However, this need is often overlooked due to lack of time and tight budgets.

Larger implementing organisations are addressing these challenges through two main types of initiatives, which require economies of scale to invest in infrastructure across multiple programmes:

- **In-house platforms to train their own staff.**

These platforms address the challenge of affordability and relevance by creating internal training services. Our study suggests that these programmes focus mainly on knowledge and hard skills and are yet to build soft skills and attitudes. Examples include Swisscontact’s Master Training Programme, World Vision’s Online Learning Platform and FSD Africa’s Academy.

- **Internal advisory teams which provide coaching and mentorship to staff.**

For example, Helvetas Swiss Intercooperation and DAI have full-time practice area leads who support MSD programmes worldwide. Some large programmes, such as Palladium’s PRISMA in Indonesia, also have an internal training, coaching and mentoring unit.

To cope with the limited budget for capacity building, some programmes seek to re-position mentorship and on-the-job learning initiatives under their intervention budget. Donors have pushed back, requiring that the implementers separate the costs of coaching and mentorship from the intervention budget. This reveals fundamentally different assumptions about how high-performing teams develop and who should pay for this.

Nurturing high-performing teams

According to Tuckman’s famous four stage model⁷ for team building, teams need time to go through the stages of *forming*, *storming* and *norming* before they can start *performing*. Team leaders interviewed strongly reported that their teams were not provided sufficient time and space to go through these stages. Instead they were forced to enter the performing stage too quickly, which causes breakdowns and failures. Some leaders attend to this challenge intuitively, but most projects do not make a conscious effort to build the team.

One of the competencies that successful team leaders nurture the most among their staff is self-learning. Effective team leaders turn self-learning into a habit by creating regular spaces where team members share and discuss their day-to-day experiences, insights and ideas; where questioning and challenging the ideas of other members is praised, enabled and encouraged; and where innovation is rewarded (e.g. by identifying and promoting weekly/monthly champions).

Another challenge is that often many functional units are created at the beginning and team members performing one function do not comprehend other critical functions. While this might not apply to professionals who have worked on MSD projects before, there are significant benefits to a team leader guiding their team members through shared

‘It is futile to break teams into functional units from the very beginning. ...first engage all team members in one sector or intervention, and let them go through all the processes so that they learn the different functions.

Only once the critical stages of team formation are passed, the programme should start expanding to other interventions.’

Programme implementer

⁶ For a detailed analysis of the capacity building market, see **Randall &** systems development. <https://beamexchange.org/resources/804/>

⁷ **Tuckman (1965)** *Developmental sequence in small groups*, Psychology

experiences to understand each other's roles and the interconnected nature of the team and the MSD process. Examples of team building exercises used by some interviewees are annual team retreats, and photography, case writing and storytelling contests.

4. Conclusions & recommendations

Innovations in recruitment and team building are happening in some projects but the lessons learned remain isolated and are not translating into a structural transformation of policy and practice within the MSD field. The recommendations below can contribute to this transformation and thus boost performance of teams using the MSD approach.

Donors:

- Develop a bidding guideline for recruitment that is flexible about team size and competency requirements.
- Encourage dialogue with implementing agencies about team size, the mix of competencies, and capacity building budgets.
- Pay attention to local labour markets for MSD expertise, differentiated by remoteness and sector, using past projects as a proxy for available skilled labour.
- Incentivise investment in staff capacity development and learning, at both bidding and implementation stages.
- Allocate a share of the project budget for staff capacity development based on the project's context.

Implementing Agencies:

- Develop a recruitment policy that encourages selection and retention of self-learners.
- Empower team leaders to make recruitment decisions that prioritise team culture.
- Develop a corporate policy for staff capacity development and learning, supported by an internal capacity building team.
- Invest in training for team leaders on leadership, talent management and organisational development strategies.
- Create discretionary budgets for team leaders to spend on capacity development and training with their own teams.
- Provide opportunities for high performing staff to visit other programmes on exchanges and learning visits.

Team Leaders

- Engage in dialogue with the donors to ensure the right mix of competencies in the team (technical versus non-technical, local versus international, fresh versus experienced, etc.).
- Invest time in their own continued professional development.
- Develop and invest in partnerships for curriculum development with training service providers
- Establish a culture that encourages open dialogue and debate, curiosity, learning from mistakes and constructive self-criticism. Embed this culture by promoting staff who display leadership built on shared goals and open communication.
- Develop norms of cascading mentorship and capacity development, whereby professional external coaches support team leaders, who mentor managers, who in turn coach and develop field staff.
- Incentivise team members to engage with peer practitioners and form learning networks by subsidising attendance at learning events and including this in performance reviews.

Capacity Building Service Providers:

- Diversify training portfolio to incorporate soft skills and attitudes, and to offer online and networked offerings to reach a wider range of practitioners.

- Develop training and mentoring offers for team leaders and senior staff in implementing agencies, and donor staff (not just for entry- and middle-level staff).
- Develop partnerships between local and international capacity development service providers to adapt curriculum to local contexts.

Key messages to take-away

Donors and implementers need to negotiate team structure through ongoing dialogue.

There is no magic formula, no proven recipe, for what works independent of context. Successful team leaders disagree about what is optimal. Hence, donors need to design flexible recruitment and team development frameworks that promote dialogue with the implementing agencies and empower team leaders to decide what is best for the programme.

Key factors in team performance are units size, type and mix of competencies, number of years of experience and technical expertise of team members, collaboration between generalists and sectoral experts; and pacing of role differentiation between units (e.g. intervention managers, M&E and gender). Taking time to work closely on the structural aspects of the team during inception can pay huge dividends in terms of relationships, communication, team culture and ultimately performance down the road.

Great teams are made, not born.

Even if every individual hired to a new project has high quality and relevant MSD experience, it will still take time and support to mould star players into a star team. We need to pay attention to the development arcs of the team (from forming to storming and beyond) and align that with expectations about high performance at different stages of the programme life cycle.

High performance emerges from interactions between people, the quality of leadership (from all, but especially team leaders), the openness of communication, and the wider organisational stakeholders' alignment on how to implement MSD. Team leaders have a crucial integrating role to play in helping select and onboard the right people, and actively work to support and reward initiative among team members, incentivising support across units and open communication of field realities.

Team leaders are hard to recruit, and play a crucial role shaping team culture.

Implementing organisations recognise the critical value of quality team leaders as one of the scarcest resources. However, they remain stuck playing the 'game' of tendering processes that emphasise technical expertise, advanced degrees and years of specific MSD experience over the more intangible qualities that differentiate great team leaders.

Donors can increase their savvy by shifting an emphasis from qualifications to other soft skills and attitudes when evaluating different bids. The overall supply constraint can be addressed through increased capacity building explicitly targeting team leaders and senior managers, which are under-served groups in the market for capacity building services.