

# A Strategic Management Framework for Improved Aid Delivery

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## **Introduction**

The humanitarian landscape has changed dramatically in the last decade. The proliferation of what is now termed complex political emergency (CPE) has exposed the limitations of the international relief system. Organisations are now required to operate within various dimensions, and reconciling their activities to satisfy the needs of all of these dimensions is proving difficult. CPE's are defined by the multiplicity of considerations that need to be taken into account. In looking at the transition period (from relief to development) in a CPE for example, one is faced with diverse issues such as demobilisation and reintegration, human rights and good governance, shadow economies and aid contributions to them, the politicisation of humanitarianism and the question of access. To cope with just one of these areas is a challenge; to cope with them all simultaneously whilst having to deal with an international media and possible presence of international troops is close to impossible. For any organisation good management provides the minimum basis for a sound approach and the absence of it can exacerbate the problems in the operating environment. In Somalia, for example, the continued inability of organisations to learn simple lessons created a spiral of misinformation, mistrust and misconception that led to the port in Mogadishu being closed and thousands of tonnes of food being looted (De Waal, 1994). This need not have happened and in this case it was the culmination of a series of management errors that led to the actions taking place. All too often in such situations the terms 'coordination' and 'cooperation' have been quoted extensively and have been misused, abused and used as an escape route without pointing the finger to the more fundamental problem which requires a much broader analysis.

In the aid industry, the view of management is often either taken to mean traditional development project management, or is equated to experience and knowledge of the aid system and of the internal organisation. This is sector specific management and is not broad enough to encourage staff to think outside of their own project environment. The shift to a more programmatic response in future CPE's will require new skill sets. The fact that the aid system is very much a value chain requires a different management approach, one that takes greater account of the activities of different players participating in a chain that should be viewed as 'a whole'. Thus, the subject of 'aid management' needs to be considered for a more effective understanding of the performance of 'systems within systems'.

This article will build on earlier published work by Fitz-Gerald, Molinaro and Neal (2001) in the *Journal of Conflict Security and Development*. Their study aimed to gather information from a sample set of key players within the aid community including bilateral donors, multilateral donors, NGO consortia and UN agencies. The research findings surfaced a number of issues that have been present within the aid community for some time and have been the basis for discussion and debate. However, this has usually been conducted within wider humanitarian issues. Given the exploratory nature of the study and in order to advance the debate from another perspective, the findings were reframed within a more managerial context.

Four key areas emerged from the initial research and were considered to be critical to the functioning of a more holistic management system within the aid sector. A focus on *Strategic decision-making* included the numerous planning frameworks and project management tools that currently drive 'corporate' strategy in many different organisations. The issue of *Lessons Learned and Meaningful Feedback Mechanisms* encompassed the study of formal and informal information channels within organisations as well as the growth of Management Information Systems (MIS), and Knowledge Management (KM) systems, which are often developed according to past procedures and do not necessarily augment an organisation's value chain. Growing divisions between emergency relief and development sections of an organisation suggested that the study of tribal *Cultural* networks. Lastly, in recognition of the fact that the aid sector works within a spectrum of different environments, needs, and circumstances, the findings suggested that effective *Change Management* processes must underpin management approaches in and out of the field.

This article will further explore these four areas in terms of current trends and organisational thinking, responses to these trends, and the drivers, enablers and resisters that feed into the implementation process.

### **Issues in the development of strategy**

Within the framework of this research it has become increasingly clear that at least two levels of strategy have been apparent: the organisational strategy and the project (or programme) strategy. Strategies at the project (or programme) level are required for effectiveness and efficiency because this has a direct impact on the delivery of humanitarian aid. However, it is also necessary to recognise that strategy needs to be developed at the organisational level if the organisation is to have a vision of its shape and role in the future. Failure to address organisational strategy in a coherent and structured manner can result in 'Strategic Drift', leaving an organisation unable to respond to the expectations of some or all of its stakeholders (Johnson & Scholes 1999).

Adopting a management perspective becomes a problem when the organisation places the focus on detail rather than strategy. The inward looking view can easily result in the pursuit of efficiency gains at the expense of everything else resulting in an organisation that is making

poor decisions very efficiently. Rosen (1993) explains that, within a public sector setting, the organisation needs to maximise the product of efficiency and effectiveness. This is an important point and will be revisited in later stages of this article.

Many of the initiatives relating to the delivery of humanitarian and development aid have at their core issues that relate to improving the quality of management and management processes. For example the development of practices such as Results Based Management (RBM) or standards such as the Sphere Project relate to producing feedback or guidance on variables that can be assessed in order to identify scope for better management. People involved in the structuring and execution of aid or development programmes may talk about impact, outcomes, outputs, relevance, coordination or coherence. However, these all feed into the efficiency and effectiveness factors that deliver the overall impact. More importantly these can all be traced back and described in terms of management issues that are either internal or external to the organisation.

Strategy that is based on an internal perspective can result in micro-fixing which may not benefit the broader value chain into which the organisation fits. Management best practice, as explained in Johnson et al (1999) explains that stakeholder expectations need to be at the heart of the strategy formulation process. The real risk is that the organisation pays lip service to stakeholder analysis and simply includes their perception of what is and is not important. The lack of meaningful stakeholder analysis was one of the criticisms of the Logical Framework Analysis (LFA), a management technique adopted by the UK's Department for International Development, and was one of the issues addressed in the German technical cooperation agency's (GTZ's) development of 'objectives oriented project planning' (ZOPP). (Gasper, 1997)

*'Part of the difficulty in the humanitarian aid sector is that with funding allocated on a project-by-project basis, although more recently tending to be on a programme basis, it is still relatively short term. The point, however, is that even if an organisation is funded on an annual basis it can still think well beyond this timescale to at least 3-5 years ahead. Some organisations are beginning to plan in this way'.*

### **Reclassifying Planning Frameworks.**

The LFA approach to planning, first used by USAID some 30 years ago, is now a well-embedded system in many aid organisations. Many other variants of this have been developed and applied over the same period including ZOPP (objectives oriented project planning), PCM (project cycle management [later called project coordination management]), the McMillan Matrix<sup>1</sup> and PRA (participatory rural appraisal). The LFA is a cause-effect logical pathway and has had its detractors.

In its incarnation as a *development project-planning tool* the LFA, or 'logframe', had enjoyed widespread adoption. However, in the last five years it has moved into directions where its limitations appear more acute. The first of these is its adoption into the humanitarian aid community, away from the traditional development arena. In many ways this adoption has been imposed<sup>ii</sup>, as donors require logframe approaches for project monitoring and evaluation purposes. Medecins sans Frontieres (MSF) echo many of Des Gasper's observations when applying the logframe to its own emergency context, highlighting the difficulties of any kind of planning in a turbulent, time-pressed environment where staff time is at a premium (MSF, 1999). The complexity of the situations in which MSF worked exposed the mono-factorial cause-effect relationship as misleading and too prone to the use of quantitative success indicators.

As the project approach comes under criticism (DAC 1999), and agencies move to a more programme level vision (UNDP country programmes, World Bank Development Frameworks), the tendency has been to enlarge the logical framework and evolve it into a larger developmental results framework as a strategic management tool. This was supposed to indicate a more strategic approach and signal less focus on activities. This gives rise to a number of problems<sup>iii</sup>. Firstly, the term 'results' can mean different things depending on which level of the strategic objective hierarchy one is considering. At the higher order level the ultimate goal is the wider developmental 'impact'. All activities and objectives below should lead to this one large societal change in any given area. The higher order results are harder and more costly to measure and attribute, and also require a long time to fulfil (DAC 1999). Further down the hierarchy, particularly when it comes to dealing with partners and contractors, 'results' takes on a different meaning entirely. It is this level, the old project level, that the new strategic frameworks seem to disavow, to the point where monitoring inputs, activities and immediate outputs has become unfashionable. Yet it is by succinct measurement at this level that *partnerships and contractors* are monitored.

Secondly, the compulsion to measure and report on as much as possible inevitably leads to the triumph of quantitative data, particularly when combined with the need to monitor performance. The DAC report highlights this as the primary reason that evaluation mechanisms will be edged out if they compete for the same resources, as it is easier and more cost-effective to monitor performance through continuous measurement. Finally, in terms of accountability it seems that, in many cases, country missions and their implementing partners take the view that accountability should only relate to results attributable to their own actions. Shared accountability at the higher order levels may well be an impossible task to achieve (DAC 1999). Understandably, Heads of Missions in four-year posts will concentrate on activities where results can be seen after a four-year period.

### **Problems with strategic planning**

Mintzberg (1994) looked critically at the use of *all* formalised planning systems as a strategic tool, arguing that the mere act of formalisation stifles creativity in what is ultimately a human dimension. Strategy is "...a creative phenomenon that depends more on redrawing lines than on respecting them"<sup>iv</sup>. Much of the criticism is aimed at the quantitative statistics that arrive in concise, numerical and detached terms which does not allow one to exercise sound judgement.<sup>v</sup> Take, for example, the USAID (2001) statement that further funding approvals will be based on successful impact. First of all, it can be assumed that the easier measured will be the more successful and secondly, the easier measured will tend to be the easiest to execute and the more complex activities that are hard to measure and harder to execute are more likely to fail, despite often targeting the most needy. This programme choice therefore enters the political dimension. Managers will almost always opt for the project that will make most sense to superiors who, for ease of decision-making, prefer to operate in quantifiable absolutes. In this political dimension planning is retained as a tool for control, as part of a rigid architecture to centralise power in the organisation.<sup>vi</sup>

The requirement that the strategic logframe be a living document, constantly updated to reflect changes, has been voiced by Gasper (1999[b]), and has been codified by organisations such as UNDP (1998). However, with the world being the fast changing place that it is, particularly in the area of humanitarian and development aid, one runs the risk of doing nothing but changing plans and reworking assumptions.

The logical framework was, to some degree, imposed by donors on organisations further down the value chain. In this context Mintzberg's view that planning activity retains an element of control becomes clear and is especially suited to external influences trying to control operations<sup>vii</sup>. However, whether as a PR communication exercise (we have a plan) or as a means of controlling funding the ability to produce a plan can count more than the ability to carry it out. The oft-cited refrain during the research that the filling out of the logframe 'has become just another work chore' illustrates Mintzberg's fear of planning for planning's sake.

This is not to say that formalised planning does not have its place. In many of the interviews respondents praised the logical framework as a tool that allowed them to gain some control of their internal processes, and examine the linkages between activities and desired objectives. As an external element to strategy making, planning is able to schedule activities in *support of* decisions, assign and schedule resources, establish patterns of workflows, authority and responsibility and establish the flow of communication.<sup>viii</sup> As a process of internal organisation the role is evident, as is its use as a smaller scale project-monitoring tool, where actions are attributable<sup>ix</sup>. As a tool for judging longer-term, larger scale results in the field and measuring against a predetermined strategy, planning has less of a role to play.

## **Learning Lessons and Meaningful Feedback Mechanisms**

Lesson learning has been stated on numerous occasions to be one of the principle objectives of humanitarian and development aid evaluations (Apthorpe 2000). However, numerous examples of evaluation recommendations can be found that are repeated from operation to operation year after year with no apparent progress being made. In many cases the recommendations require a major institutional change before action can be taken but the required change is not achieved. The research indicated that the problem seemed to be the fact that people, particularly the more operational types, were not reading the evaluations or, if they were, just putting them on the shelves and forgetting about them. Some organisations have been addressing this by trying to make the evaluations shorter and more responsive (for example, UNHCR's 'Real-Time' approach to evaluations) or have been developing regulations to try and make the process more inclusive and participatory.<sup>x</sup>

The solution to the problem of disseminating recommendations to the right people, first appeared to be the installation of some form of management information system. Aid organisations have invested heavily in these systems over the past decade with mixed results. Information systems have flourished and have found fertile ground in the realms of financial management and in office-to-office communication. More complex management information systems have achieved rather less. In particular, attempts to implement enterprise resource planning tools have been quite disastrous and organisations such as the ICRC and UNHCR have found themselves entangled in complex software and expensive consultant advice which, in the case of ICRC, has finally been jettisoned and the project closed down.<sup>xi</sup> Ultimately however, information systems are simply the conduits for knowledge transfer (Whiffen, 2001).

### **Knowledge Management: Moving beyond evaluation?**

The former Corporate Knowledge Manager for TEAR FUND, Paul Whiffen, introduced a knowledge management technique from his previous commercial experience and has adapted it for TEAR FUND's use. Although it is a simple tool, with slight adaptation to suit TEAR FUND's particular needs, it has taken the step of acknowledging that learning and behavioural change goes hand in glove. On a micro level, this takes the form of recording recommendations and ensuring that they are actionable, for future use in a different operation. On a macro level it builds a momentum, assuming that the sum total of individual behavioural changes is organisational change. The work of Japanese management guru Nonaka (1988) recognises this process and sees human interaction as the best way of transferring knowledge. He also contends that it is at the small group level that effective interaction takes place. However, the interaction is made up of individuals, who are the innovators that apply intuition to knowledge. The TEAR FUND model is not top-down deductive management. It parallels Nonaka's assertion that information is not created at the top and then processed downward through the application of strong leadership, concerned

with trying to get 'their' message through the noise of everyday communication. TEAR FUND is trying to gather information on the shop floor to store it for innovative use by individuals on the shop floor, a crucial difference in approach. The role of the top in this case is to assign the resources necessary to encourage the synergy that is created through interaction lower down.

Ultimately however, information control and management becomes a political act and the optimistic view that free information flow lessens the importance of hierarchy may be misguided (Davenport, Eccles & Prusack , 1992). Indeed as information and knowledge become the new currency of the organisation, managers will be reluctant to share freely if sharing is perceived as a threat to position. This is an aspect that managers will need to take on board and incorporate into any plan to create a 'learning' organisation. Without this recognition, and the clear guidelines necessary to circumvent potential pitfalls, using the improvement of information flow as a primary change agent will cause difficulties later on. The culture of the firm must be 'conducive to participative information flow management and free information flow before they will happen'.<sup>xii</sup>

### **Formal and Informal Information Flow**

Certainly, the aid world is growing more aware of the potential of information and knowledge management<sup>xiii</sup> although, as previously mentioned, attempts to install large scale commercial systems have failed to the tune of millions of dollars. In the cases mentioned above the mistakes made were precisely those highlighted by Davenport et al (1992). With UNHCR in particular no consensus was sought to find out what the actual information needs of the entire organisation were and the ERP system was heralded as a way of ensuring some kind of behavioural change. The requirement for managing knowledge will become critical in the next few years. It became clear during the research that organisations in aid (particularly development) are moving further and further away from the implementation coalface, preferring to support local structures in capacity building, governance and sustainable economic development. To act in this way, aid organisations will eventually become knowledge banks. Their primary function will be the transfer of knowledge (their main resource) downward (and across), and the transmission of needs upwards (and across). This will create new challenges for the next generation of aid workers. The organisations they work for are already under information strain. The ability to follow a clear paper trail to see how decisions were made within the context of the operation at hand is gradually fading as more and more people communicate through email systems. In the old paper office the clerical and secretarial networks that used to be the custodians of memo archiving have vanished in job cuts and more and more individuals are responsible for their own archiving methods. This is undermining organisational memory to a degree that will become apparent in the years to come.

If the successes of formal information management systems in aid are limited to financial, statistical and command and control communication exchange, we can assume that a large

amount of learning and knowledge exchange is taking place outside of this mechanism, in the realm of more informal communication channels (basing the assumption on the fact that learning processes in aid are currently weak). In the field, partner choice will still be made on the basis of reputation, whether individual or organisational, whatever degree of adherence to the Sphere standards is shown. It is on the basis of personal trust that undiplomatic displeasure can be exchanged, keeping the communication two-way, responsive and transparent. Standards may well create the opposite effect and push communication into the realm of defensiveness. The issues associated with formal and informal information flow presents a difficult balance to tread. It is nevertheless crucial to cultivate and use them fully in *tandem*.

## **Culture**

Culture is “ the system of meanings which are shared by members of a human grouping and which define what is good and bad, right and wrong and what are the appropriate ways for members of that group to think and behave” (Watson 1995). Walkup (1997) refers to myths and stories amongst aid workers in the field as being created in an atmosphere of difficulty and distress. As these stories form the bedrock of the culture they in turn become embedded and institutionalised through the application of shared defensive mechanisms and coping strategies. This, in turn, leads to the dysfunctional policymaking that has led to repeated mistakes being made in management. The cycle comes full circle as poor management contributes to the distress felt in the field in the first place. The institutionalisation of culture is therefore evolutionary as new employees learn to cope and manage with their inherited tools and mechanisms as they rise through the organisation.

The most evident cultural differences found in the research were between the two aid environments of relief and development. Humanitarian relief, in the last decade, has monopolised television viewing and grown in profile and ability to attract funds. For better or worse it is the growth area and the regions where it is applied tend to be those that are the subject of the more cutting edge debate (good governance, civil-military cooperation, security sector reform, war economies, politicisation of aid and questions of neutrality). The alternative to this is represented by what Macrae (1998) calls the ‘development orthodoxy’ that looks down on relief as stop-gap measures that increase dependency and do not address the root causes of problems. However, most aid organisations have development origins and relief sections have grown within the parent organisation.

Relief, in its turn, prides itself on its responsiveness to a high pressure and high-risk environment and is the antithesis of the developmental approach. These requirements demand not so much a different skill set, but more of a different mindset. In the last ten years relief has matured considerably with the experience garnered in ten years of complex emergencies. This has given ample time for the attitudes and coping mechanisms to have



become institutionalised. This, in turn, requires human resource approaches that identify the mindsets that most typify the emergency relief worker, further entrenching the culture. The difference between the relief and development approaches is not therefore simply due to operational requirements or donor funding tricks. There is a very real cultural rift between the two that is growing.

Organisational evolution needs to be seen through the prism of demographics if it is to illuminate long-term trends and possibilities. The aid world presents a number of interesting characteristics when seen in this manner.

The post war baby boomer generation is now on the edge of retirement. In many ways, these people defined the archetypal development worker as someone who spends years in a village teaching people how to speak English or establish fish farms. They were known as politically socialist-oriented with an affirmed anti-imperialist bent and highly developed suspicion of governments, particularly their own. These people were deeply affected by the events of the 1960s and early 1970s; decolonisation, Vietnam, the Cold War and the student protest movements created a young, educated and politicised potential workforce with a passionate and deep interest in global affairs. Many of these were naturally drawn to aid through organisations such as the US Peace Corps and the UK VSO.

This is in stark difference to the 1980s generation that entered aid in the late 1980s and 1990s. The Thatcher and Reagan generations entered adulthood at a time of rampant consumerism, capitalist triumph and a global communications revolution. They have grown up and contributed to the lowest voter turnouts in history and a marked decline in 'Social Capital' (Putnam, 1995). Many of the best and brightest were co-opted by industry at a time of considerable economic boom. The young people entering the aid system at this time were immediately subject to the increase in attention given to complex humanitarian emergencies. During the 1990s, with high profile operations all over the media, it was into emergency relief that the new generation was drawn. One can therefore see the forming of a generational difference between relief and development. Relief is a natural environment for young people with no dependants or major responsibilities. The 1980s generation, armed with short attention spans, and their thirst for adrenaline and a deep restlessness within their own societies, are ideally suited to it.

The present day trend towards more comprehensive holistic solutions to post-conflict strategies and pre-conflict vulnerabilities has placed the limelight back on development. Policy analysts in the aid sector now discount the existence of a 'Relief-Development Continuum', particularly as most transitional societies begin with development programmes before emergency relief.<sup>xiv</sup> The death of the continuum debate has also highlighted the importance of comprehensive security sector reform programmes, which focus on all different strands of the wider security sector during pre-conflict and immediate post-conflict phases.

Bringing in new personnel from other sectors is seen as necessary for aid organisations to change with the times. However, putting these 'specialists' solely in at headquarters or regional level risks further alienating field staff. Although these new people may fit within the same socio-generational background as many of the field staff there may well exist a lack of common understanding when it comes to shared aspects of a working background. The older, more developmental generations did, at least, usually have a solid few years of field time behind them before moving on to the headquarters. In the development sector too, there are now fewer opportunities to give new staff solid field time as the sector moves away from the 'doing' culture and into one of 'enabling'. This is particularly true of the larger donor agencies. Here, a further estrangement from the field takes place through increased use of contractors and a refocus on southern nation governance issues as key developmental enablers.

However, the relief environment still appears more receptive to change when compared with development. The ideas already set forth indicate that demographics have a part to play. Also important is the working environment itself. Putting young people in a team, with an experienced older team leader in a highly chaotic and pressurised environment, is precisely what Japanese companies attempt to do to create a climate of creativity. Nonaka (1988) quotes a Honda Research and Development manager as saying “ *creativity is born by pushing people up against the wall and pressuring to the extreme*”. Interaction at a group level is an important facet of enhancing synergy and increasing the potential for tapping individual tacit knowledge. Information must be exchanged honestly and without respect for hierarchy. It has been noted that in emergency teams hierarchy can break down and that good ideas and leadership can spring from unexpected places.

In many ways aid agencies are in a particularly well-placed position. Globalisation is creating the need for businesses to think more in terms of the global community (Elkington, 1997) and focus on social and environmental benefits beyond profit alone. The global communications revolution has created a new interest and activism on the part of the millennium generation of youth worldwide. Aid agencies with their unique interactions and relationships built up over the years may prove to be an important ideological and economic conduit in the years to come.<sup>xv</sup> The potentials and pitfalls of this position need to be explored further, particularly in light of the convergence of homogenous aid thought underlined earlier.

New skill sets are required if aid is to progress into the new millennium (Slim, 1995). This needs to be done through developing staff and giving them the new skills needed to function in the new complex environment rather than 'buying-in' expertise which could lead to the eventual dilution of the organisational value base. This shared value base has the most chance of being fully adopted by the young and junior staff *before* sending them out to learn the new skills required by the changing face of aid. It is a long-term approach that commits the organisation to the individual and vice versa. The People-In-Aid code is a laudable

commitment to staff development but ultimate staff development will occur only when it is seen as a selfish organisational means (as it is a large investment) to survive and gain competitive advantage rather than as a loosely shared voluntary responsibility. This is nearer to the realities of the 21<sup>st</sup> Century.

### **Change Management in Aid**

Much has been made of the fact that aid organisations have a large number of diverse stakeholders often with very different expectations. Within such diverse stakeholder fora aid agencies are adept at building stakeholder consensus when charting new courses of action. This is common to all levels from donor agencies (building consensus within government) to the UN (building consensus between governments) and NGOs (building consensus without government). It is this consensual climate that causes change in aid to be evolutionary and incremental by nature. As mentioned in earlier sections, this emergent approach is conducive to a learning model of strategy formulation but is juxtaposed by potential lack of control.

Consensus based organisations following emergent strategies which are difficult to control leave themselves open to manipulation by competing agendas, both internal and external. This can hamstring meaningful change initiatives still further, even if they are integrated into a relevant strategic direction. All UN agencies display these elements in varying degrees, as does the Red Cross Federation. The aggregated mishmash of projects designed to satisfy as many of the diverse stakeholders as possible creates the right conditions for strategic drift, with the organisation constantly playing 'catch-up' as it tries to present itself in the best light within each particular political context. Meaningful change management cannot take place within this form of strategic development.

The alternative is sudden transformation through more revolutionary change. There are organisations in aid that have undergone revolutionary change, not necessarily in the dramatic way that the word implies, but having been subjected to fast, painful and far reaching change which will shape the way they operate for the next 10 years. OXFAM used an external consultant in conjunction with a senior team. The consultant proceeded to 'eat every sacred organisational cow'<sup>xvi</sup> in such a way as to alienate many of the older generation who were then eventually eased out of the organisation. In a way, this has been too successful in that OXFAM now faces a potential cultural change that might not represent the original value base upon which the organisation was founded.

As a governmental organisation, DFID has also experienced rapid change, the dynamics of which began with a new Labour government that was determined to change aspects of deeply-ingrained civil service working practice. This was revolutionary from the top down but also shares with OXFAM an intake of new kinds of people with potentially different value sets. European Commission's Humanitarian Office (ECHO) used a change of leadership to begin a more strict application of its emergency mandate. This change too, was typified by its speed

and overturning of well-established mind-sets. In all these cases the change process was deemed as successful in that the organisation did change. Whether this change is for the better can only be answered in the longer term.

On a larger, system-wide scale the resource-controlling orthodox strategic centre can be represented by the donor agencies. The NGO community represents the outer edge, or the younger geographically isolated area prone to the arrival of newcomers. This mix of energetic groups representing various special interests is the crucible of the aid initiative. Most of the major issue debates influencing aid (and to a degree, foreign) policy today stem from NGO and pressure group activity. The environment, human rights, child labour and AIDS awareness are all issues nurtured by civil society groups until the point where they become international issues which governments eventually sign into international law for UN guardianship. Government will therefore fund according to areas where political capital can be gained from the support of the civil groups concerned, negotiated within the longer-term strategic requirements of the government of the day. Advocacy and the illumination of issues therefore contribute to a gradual change in government policy, driving the change incrementally, by interpreting reality on the ground. This change can be revolutionary but only if the external situation is similarly described. In the macro-system from the top down, revolutionary change can only come through the withdrawal or redirection of resources, precipitating organisational crises further down the value chain. However, this can lead to defensive behaviour by the senior management of the organisations concerned, leading them to provide stop gap measures and introduce change initiatives that are simply change for the sake of showing the resource base that change is taking place. This behaviour is all too common and creates within the organisations, from a wider staff perspective, a greater resistance to change through fatigue, as well as fear that change in response to a resource crisis equals a threat to job security - which, if the truth be told, it usually does.

## **A Way Forward**

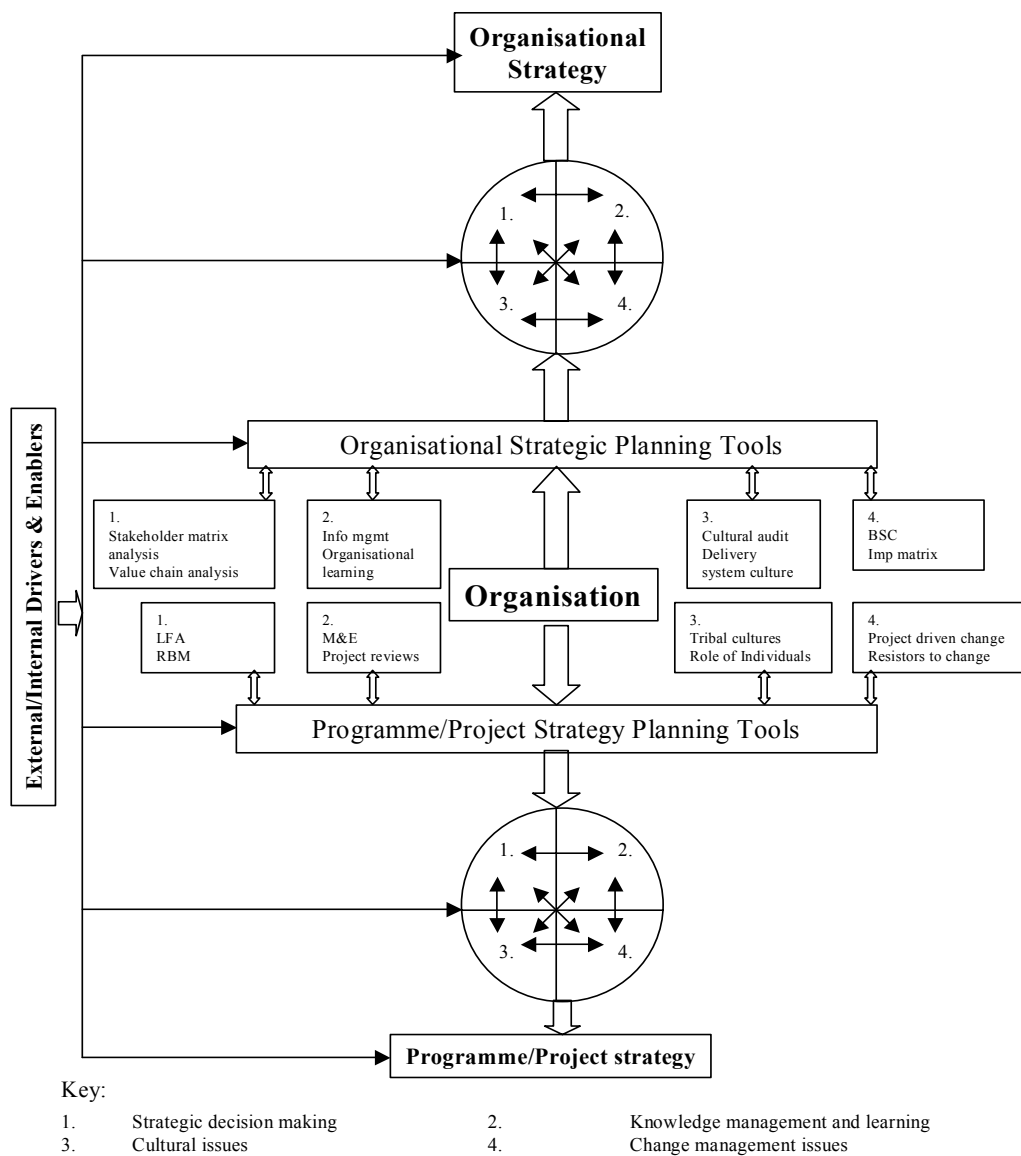
The strategy model depicted in Figure 1 draws together the findings from this research and highlights the distinction that needs to be made between organisational strategy and programme/project strategies.

Some of the organisations within the study openly stated that the organisation's strategy was the summation of the individual strategies being applied at the regional or country level. The concept of aggregation of operational strategies into an organisational strategy can be accommodated within the emergent school of strategy development. The proviso associated with this is that for an organisation to have a coherent strategy from this approach senior management must adopt a proactive position rather than let it happen by default. In most cases, such a proactive approach was not apparent and evidence indicated most groups

were promoting basic project management tools to organisational strategy formulation tool status.

Figure 1 suggests that organisations must recognise the need for strategy at both the organisation and project levels. The research highlighted the four areas that need to be considered - Culture, Decision-making processes, Knowledge management and Change management. Whilst these are common to both organisational and project strategy development the emphasis and balance of these factors is likely to be very different for each aspect of strategy. It was felt that, for most organisations, the best approach to strategy is for the development of an organisational strategy that defines what the organisation “wants to be”. Issues of mandate, the reality of where the organisation is currently positioned and where it has come from will shape this definition.

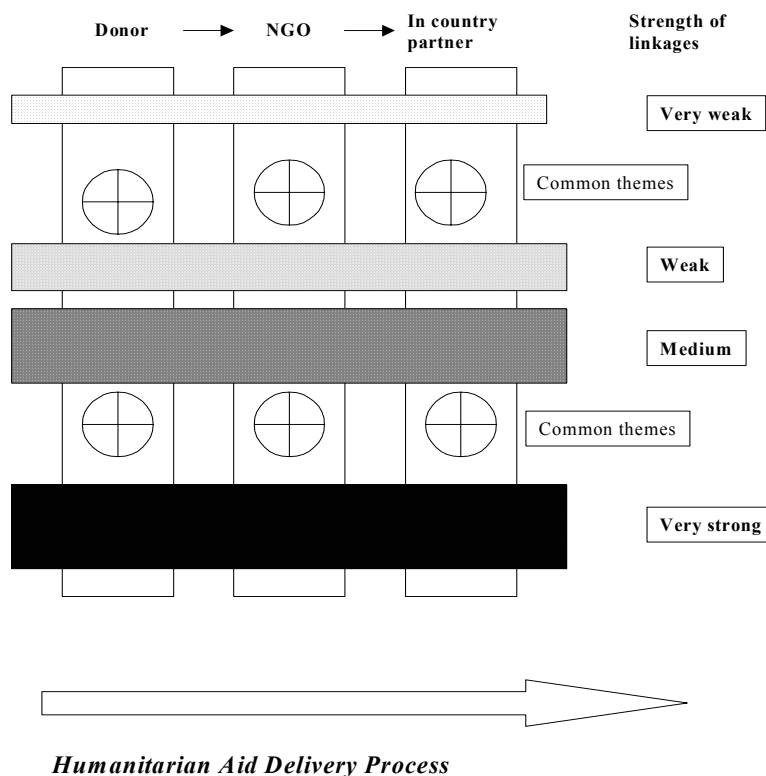
A key point to note is that an analysis of the four areas is achieved through the application of a number of tools and that the tools for organisational strategy development and project strategy development are unlikely to be the same. For example, when Results-based Management (RBM) was introduced some felt that it did not give sufficient consideration to stakeholder issues and the development of the ZOPP model was an attempt to overcome this failing. However, whilst stakeholder analysis is common to both organisational and project strategy formulation, the emphasis and the tools that can be used are very different. At the organisational level tools such as the Power/Interest matrix and the Power/Predictability matrix would have application. At the project strategy level the analysis would need to consider stakeholder expectations and impact issues which would not be well served by the previously mentioned strategy formulation tools.



**Figure 1. The Organisational vs Programme Strategy Formulation Model.**

Similarly, the diagram recognises the role of knowledge management and the recognition that a knowledge management strategy for an organisation is very different to one for a project. Consequently the tools for drawing this into a strategy formulation process will also be different given that one is about establishing an organisational culture and the other is about improving delivery performance.

The model shown in Figure 2 recognises the fact that an organisation is part of a larger system. It also highlights the fact that the strength of linkages between organisations and the drivers for those linkages are not the same for the organisational strategy level and project strategy level.



**Figure 2. Organisational strategy vs Programme strategy and the strength of linkages in Humanitarian Aid Delivery**

For example, at the project strategy level it is clear that some common application of strategy formulation tools is desirable to facilitate better coordination of projects. Clearly it is essential for each of the players to subscribe to a common output in the interests of coordination if recurring management-led coordination errors (such as the legacies of Bosnia, Somalia and Rwanda) are to be avoided in the future. Thus within this model it is clear that at the organisational strategy level issues of partner selection may be influenced more by organisational culture and complimentary organisational strategies rather than operational issues. This distinction is made in the right hand column of the diagram where it is clear that

a trade-off needs to be made between the organisational strategy linkages and the project strategy linkages. The evidence from the research indicates that in many cases the project performance is the determining factor and whilst this is not necessarily a problem it becomes one when those in the organisation confuse project strategy with organisational strategy. The organisation then risks strategic drift because of a lack of understanding between cause and effect. Consequently organisations find themselves addressing the wrong issues in trying to solve their problems. It comes as no surprise that many organisations within the aid sector find themselves dealing with significant change management issues. This is caused, primarily, through a lack of understanding of the significance of the difference between organisational strategy and project strategy.

## **Conclusions**

The complexity of today's aid operations requires a fundamental change in the management skill set and a much longer-term view to strategic decision-making and development. It is clear that the tools in widespread use today, particularly strategic planning variations of logical frameworks, are unsuited to this task. These tools were developed specifically to improve planning at a lower project level. It is within this project level mindset that most aid organisations confuse operational and organisational strategy, in most cases adapting the latter to an aggregation of various country operation plans. This results, over time, to the organisation becoming less and less in control of its own direction and this problem can be particularly acute within aid when multiplied within the competing demands of a large number of influential stakeholders. This 'strategic drift' continues over time up to a point where organisations find themselves out of step with current reality and must painfully transform themselves simply in order to keep up. This transformation is difficult to successfully execute and can exacerbate current problems or create new ones that can lead to inadvertent changes of strategic direction.

Any strategy execution requires change, whether this change is incremental over a long period of time or whether the change is rapid and transforms the organisation quickly. Either way the most profound influences on the process and outputs of change require a closer examination of organisational culture. This requires envisioning the organisation not as one homogenous body, but made up of very many 'tribes' that can traverse organisational, hierarchical and national boundaries. Seeing the organisation this way, and through its relationships with other organisations within aid, follows the realisation that there is no such thing as one change management program for one organisation. Change management techniques must be adapted to fit particular sub cultures within organisations and that these must be quite specifically targeted in order to achieve the greatest possible chance of take up. This is, in itself, a strategic decision of some importance.



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- <sup>i</sup> See [www.nonprofits.org/npofaq/03/23.html](http://www.nonprofits.org/npofaq/03/23.html) for details of the McMillan Matrix.
- <sup>ii</sup> Not always formally by donors. See culture section on imposition of development orthodoxy.
- <sup>iii</sup> These problems were all initially raised on USAID's listserve RFNET and redistributed through Develbridge, ran by Tony Prior at the International Resource Group [www.irgltd.com](http://www.irgltd.com)
- <sup>iv</sup> Mintzberg, H, *The Rise and Fall of Strategic Planning*, Prentice Hall UK, 1994 pg 77.
- <sup>v</sup> Op cit.
- <sup>vi</sup> Op cit, quoting Sarrazin.
- <sup>vii</sup> Op cit, pg 333
- <sup>viii</sup> Mintzberg, Op Cit.
- <sup>ix</sup> See the causal pathway framework developed by IRC for an example of a simplistic project focused framework. IRC (2001).
- <sup>x</sup> DFID (1999), *Working in Partnership with The International Federation of Red Cross and Red Crescent Societies*, DFID Institutional Strategy Paper
- <sup>xi</sup> The UNHCR project is currently on hold pending re-examination from the new Deputy High Commissioner.
- <sup>xii</sup> Davenport et al, Op Cit. They use an interesting example of pre-Tiananmen China experiencing more open information flow leading observers to assume that the society was opening up. Post-Tiananmen disproved this as information flow dried up, indicating that the opening of the society was the catalyst and not the symptom.
- <sup>xiii</sup> See the KM4Dev listserve at [www.bellanet.com](http://www.bellanet.com) for ideas being put forward by a large variety of aid actors, from donors to community based groups.
- <sup>xiv</sup> Based on discussions with Mark Bowden, Head of Strategic Policy & Planning, UNOCHA, New York, 2 October 2002.
- <sup>xv</sup> DFID and USAID have become particularly aware of the importance of these networks. See DFID (2000), *White paper on Globalisation 2000*, for a somewhat utopian view the potential of globalisation.
- <sup>xvi</sup> Nick Stockton/OXFAM, interviewed 03.10.01

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