Building Capacity for Strategic Innovation: an Emerging Competency Framework for Portfolio Work

UNDP Strategic Innovation · Follow

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In a previous post we reflected on how a key learning from our **"project to portfolio" journey to date is that it is ultimately about mustering the organizational will to transform.** If the early days of our innovation work were about demonstrating

results quickly and creating space for experimentation, now the challenge is of a different order.

Eventually this means helping UNDP transition to a different value proposition and business model, as underlined_link eloquently articulated by Gerd Trogemann: *"No matter how well conceived and relevant in their own right,* **projects tend to pursue single point rather than systemic solutions, limit strategic space and the ability to adapt continuously and to connect the dots systemically.** *Systemic solutions need adaptive ways of working, strategic space, iterative learning, and radical collaboration."*

Such a transition requires a different set of competencies and mandate for our innovation work — **strategic and political skills and "bureaucracy hacking" are as (if not more) valuable than technical and delivery skills.**

In this post, we will reflect on why and how our competencies framework for portfolio work came to be, introduce its key components and anticipate some of our next steps. As usual, we would love to compare notes with others who are on a similar journey.

1. Why a competency framework for strategic innovation?

The development of the competency framework was the response to a set of questions we started getting more and more frequently:

- **Internally,** colleagues started asking: in assembling a portfolio team, what type of profiles should we consider? If we're recruiting new staff, what kind of portfolio competencies should we be looking for? Country office managers asked for guidance as they started to put together cross-cutting teams that can progressively embed the portfolio logic in their work and go "beyond projects." **It in fact became progressively apparent that with portfolio work we were transcending the boundaries of innovation teams and permeating all areas of UNDP work, from programs to operations.** Human resources colleagues thinking about the next generation of skills for UNDP were looking for a way to translate the organizational intent to embrace system approaches into practical guidance for recruitment. Colleagues who started to see themselves growing into portfolio roles found it beneficial to have a framework to refer to in terms of their needs and opportunities for professional development.

- **Externally**, donor and partner organizations also started asking about competencies for portfolio work, either because they were part of the same journey of transformation (e.g. we co-designed a portfolio training course with EU delegations and cities & are co-developing a portfolio MEL framework with SIDA), or because they were curious to get a better grasp about what internalizing a portfolio logic might look like in practice. Events like the <ins>Rockwool Foundation's Learning Festival</ins> on system shifts also spurred us to crystallize our thinking in a framework.

2. Developing the Framework

We were keen for the framework to emerge from the portfolio practice we developed during the last couple of years (see below). For this reason, the first iteration was the result of a series of reflections with colleagues from around 40 country offices who had pushed the boundaries of portfolio work with partners in their respective regions. We then validated subsequent iterations both with internal teams (e.g. human resources) and organizations who are on a similar path with ours. As we drafted the framework, a few themes stood out for us:

- *Design for and learn from unexpected outcomes.* At the heart of the portfolio approach is a fundamental "worldview:" **that the systems we are dealing with are complex and that our interventions (no matter how well planned) might have unexpected outcomes.** We need to work with the world "as is" rather than planning backwards from an ideal state. This acknowledgement of uncertainty

comes often much more natural to the communities we are working with (who

- *Craft compelling narratives.* The **design competencie**s that permeate the framework are of a very specific type, perhaps best described in the "System-shifting Design" report by Cassie Robinson and Cat Drew: *"the imagining, perceiving, making and mobilizing needed to realize a new systemic opportunity."* This includes the ability to craft compelling narratives about the transformational change we want to achieve.

- *Wrangling for a new mandate.* Because **ultimately portfolio work is about garnering the collective will to transform, political and strategy skills are critical.** Issues, for example, of how to persuade a senior decision maker to work with existing assets (rather than starting from an assumed tabula rasa), how to understand political windows of opportunities, how to work with inside/out tactics (getting others to put pressure on key decision makers), how to generate a productive sense of "envy" among decision makers to gain momentum, and how to build a high threshold of tolerance for ambiguity require a different set of competencies that complement more technical innovation skills.

- *Productive discomfort.* At least in our context, moving to a portfolio way of working means moving beyond a projectized world with well defined boundaries and a consolidated practice. This spotlights the need to not just navigate but build agency of your team or organization in face of 'not knowing' & contexts with partial or no information. The level of discomfort that this induces should not be underestimated because as Vaugh Tan reminds us centuries of cultural & social conditioning evolved a sense of fear & avoidance of contexts that feature high uncertainty. **A key competency therefore is being able to hold that place of discomfort:** accepting that building the new craft comes with a high dose of ambiguity, that there is no precedent one can point to (even if everyone is asking for it!) and being able to create spaces where anxieties and doubts can be openly voiced without dragging everyone's energy down.

3. Building from Practice — Key Phases of the Portfolio Approach

Before introducing the competency framework, here's a quick illustration of the portfolio approach as it emerged from our COs experiences. Roughly speaking, the

approach consists of 5 phases (presented here in a linear way even though they are best thought as an "infinite game" — a continuous back and forth between action on the ground and constantly updated mental models):
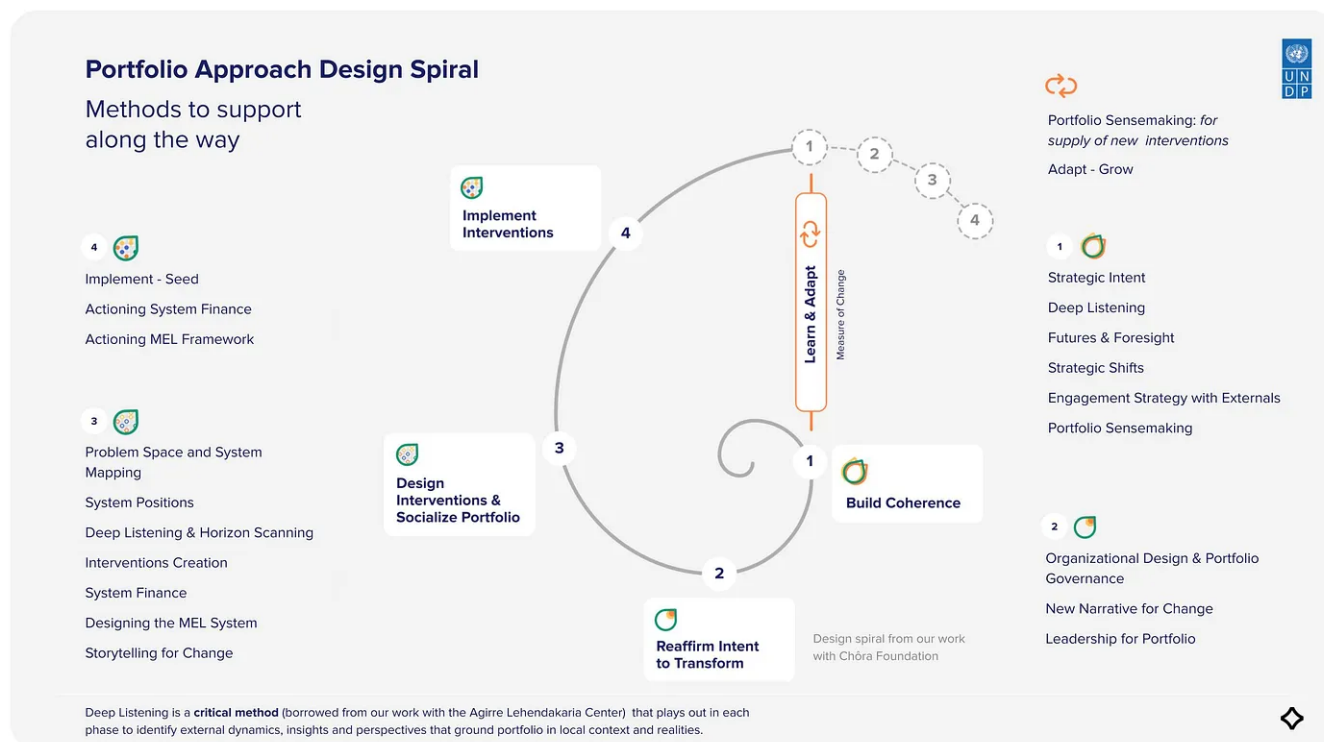

UNDP's evolving Portfolio Approach

1. **Build Coherence**: this phase acknowledges that we never start from a tabula rasa, but (typically) from a set of fragmented projects. These house important learning and assets, but are often not designed to effectively tackle systemic challenges and learn from each other. It is therefore critical to start a transformation journey by asking both ourselves and our stakeholders questions of coherence. Are the activities we are conducting commensurate with the nature of the structural challenges we want to tackle? How are we adapting the stock of current projects to account for the changes in the external environment? What patterns are we seeing (and not seeing) in our work? What insights are we missing (e.g. on power relations, political economy and structural imbalances)? As Charles Leadbeater noted, coherence builds leverage.

2. **Reaffirm Intent to Transform:** because ultimately we need to galvanize organizational will to transform, this phase focuses on garnering commitment and mandate to change at all levels across the organization, acknowledging that we are part of a broader development system that is currently skewed towards projectization. This means that we need to bring partners and donors along with us on a learning journey to build what elsewhere we called the "first mile" of

institutional innovation. We learned that teams in this phase face a critical challenge because leadership at all levels is required to facilitate a collective leap of faith towards a new value proposition while the old one is what still keeps the machine running.

3. **Design Interventions & Socialize Portfolio:** this is the phase where we unpack a problem from a system lens together with our partners, trying to move away from silos and linear planning and embrace the challenge of continuous learning and adaptation. The strain with the projectized logic is particularly strong at this juncture since it typically entails challenging organizational silos and well established practices of problem definition. Reframing and network weaving (setting the basis for radical collaboration), are key components of this phase, which ends with identifying options (positions within the system from which we want to deepen our understanding of complex challenges so as to have more venues for action in the future).

4. **Implement Interventions:** this is where we intervene in different parts of the system to test and revise our assumptions together with partners. At this stage, we focus on emerging patterns, negative and positive feedback loops and the connections between different interventions reveal themselves, at times unexpectedly.

5. **Learn & Adapt:** in this phase, we reflect, collectively and iteratively, on the learning that accrues from the portfolio options activation. Iterative sensemaking is one way of doing this. A key challenge for the organizational transformation at this stage is whether we are able to coral the will to change course based on what we discovered by activating different options, and make a compelling case for doing so with our partners and funders. At this stage the will to change needs to permeate not just the team doing the portfolio work, but other organizations in our ecosystem that have a stake in the process of transformation.

4. The Competency Framework

Reflecting on the lessons from the (at times messy!) implementation of the portfolio approach allowed us to develop a first iteration of a competencies framework (technical capabilities and attitudes). Our starting position was to distill three cornerstones of the framework that define the new approach and lay ground for development of a new set of capabilities.
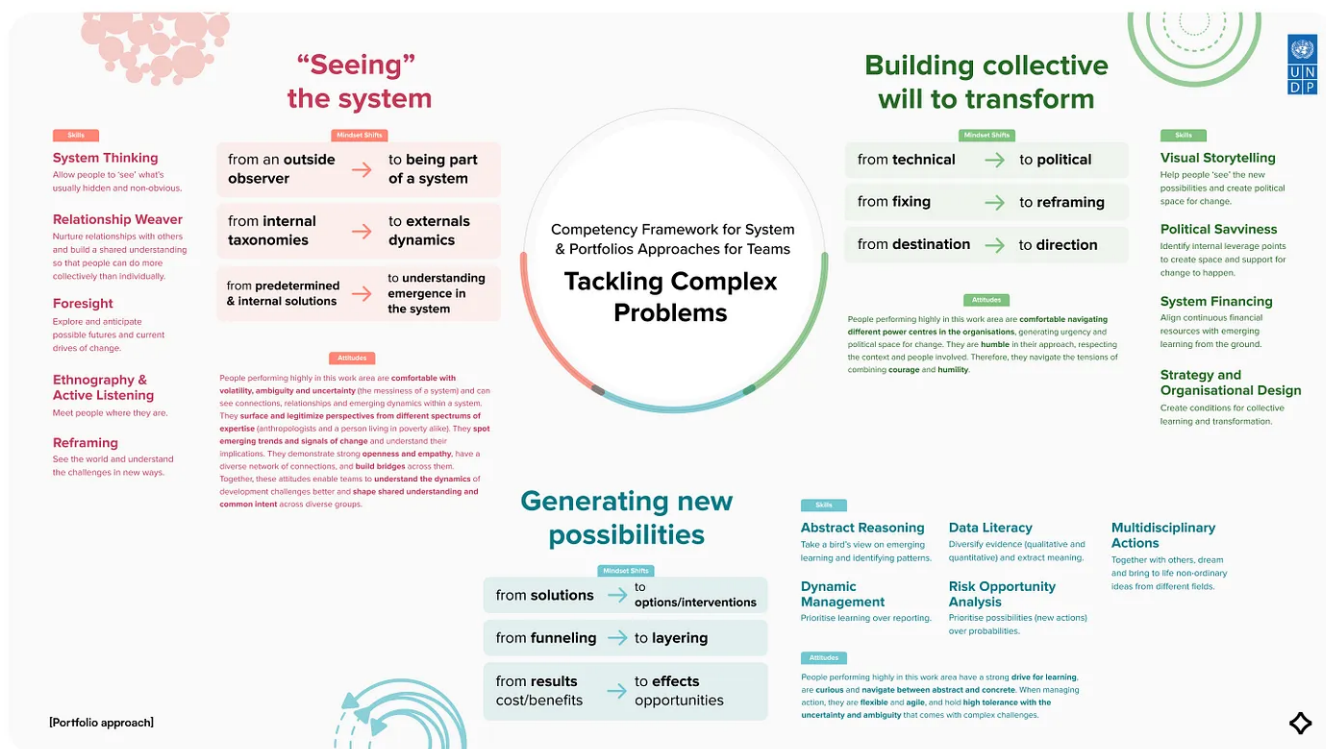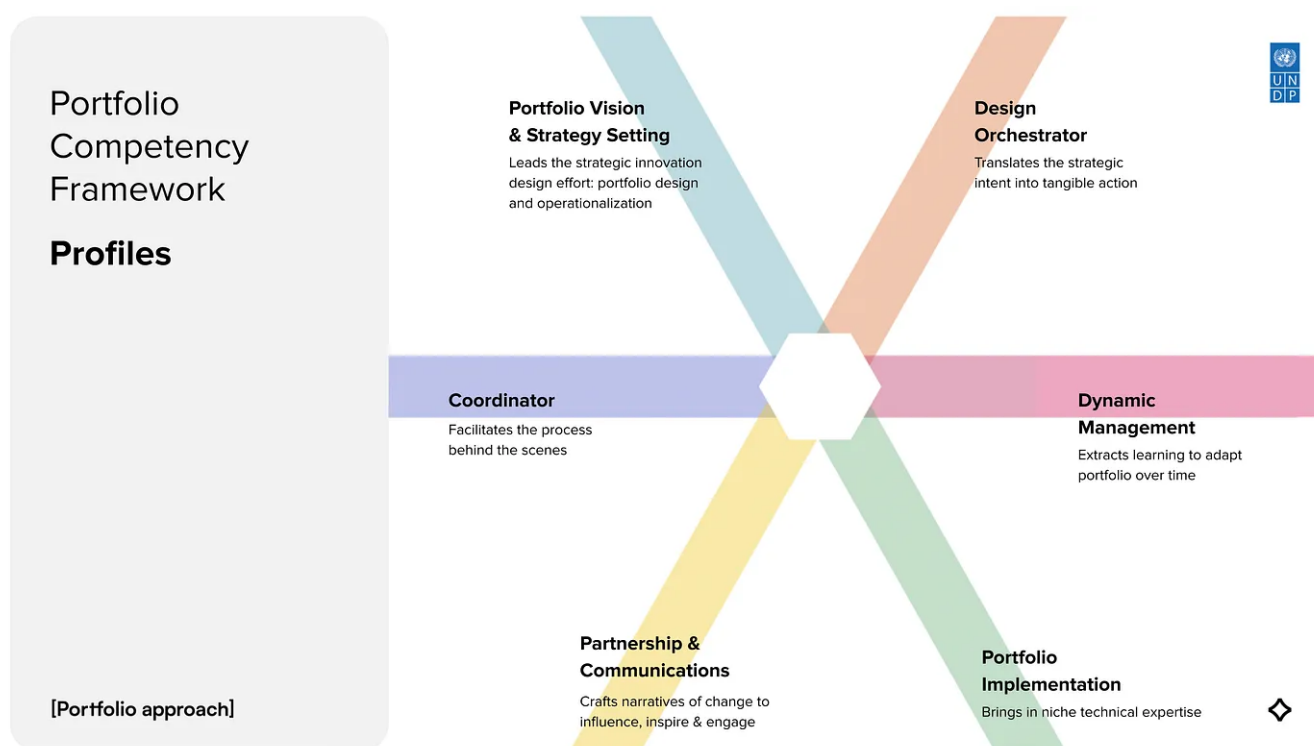
Portfolio Competencies Framework — Overview. Visual Design by Simone Uriartt, SIU team. Download poster here.

In **'seeing the system,'** the competencies we are practicing have to do with embracing the "worldview" we mentioned above: seeing ourselves as part of systems (rather than outside "experts"), focusing on relationships and feedback loops (rather than isolated components), embracing emergence (rather than linear planning). The frames have to shift from projecting internal organisational taxonomies onto a problem (because we have an environment team then climate change is an environmental issue type of logic) to immersing ourselves at different level of granularity in the dynamics of the system we are trying to affect, surfacing community stories, (power) relationships & flows of energy.

The different perspective on issues that the system lens generates challenges the current, projectized ways of organizing our work. **"Building the will to transform"** is a set of competencies that have to do with developing the confidence and creating the political space to challenge well established ways of working, practices and systems. This is deeply relational work that requires being able to work with senior management at the different levels within the organisation, with program experts as well as "back office" functions, and crucially, as we discovered, with external stakeholders (e.g. donors and public sector partners) who also need to be brought onboard a journey of transformation. Understanding political undercurrents and Overton windows, personal motivations and fears, organisational dynamics and

incentive structures — these are all part of the skills we are building our muscle for at this stage.

The **"generating new possibilities"** cluster of competencies is particularly relevant to the dynamic portfolio management phase of the portfolio approach described above. Here the key emphasis is on skills that allows us to capture emerging insights from the options activated in the portfolio: making sense of evolving dynamics and at times contradictory signals, being able to take a "balcony view" to spot emerging patterns among different interventions, working with different stakeholders to build the collective will to adapt and course correct once we learn from activated options. These skills are critical if we want our portfolios to generate a constant flow of new insights and open up new options for action in very complex environments in a layering (rather than funneling) logic.

Portfolio Competency Framework

Profiles

Portfolio Vision & Strategy Setting
Leads the strategic innovation design effort: portfolio design and operationalization

Design Orchestrator
Translates the strategic intent into tangible action

Coordinator
Facilitates the process behind the scenes

Dynamic Management
Extracts learning to adapt portfolio over time

Partnership & Communications
Crafts narratives of change to influence, inspire & engage

Portfolio Implementation
Brings in niche technical expertise

[Portfolio approach]

To action the competency framework, these profiles typically emerged across different contexts & teams. You can dig into the details (capabilities, attitudes, outputs) of each profile here.

5. Where do we go from here? The challenge of institutional innovation

As we started applying the competencies framework with country offices who wanted to shift "from project to portfolio," it became apparent that we are not talking about a minor tweak, but rather quite a significant piece of institutional renewal. Projectization of development has generated a powerful force-field around the current ways of working that triggers a strong immune response to efforts to rewire the sector so it can be better able to tackle the type of complex issues that the

world's facing. In other words, operationalizing the competency framework means delving not only UNDP's "verticals" (growth, nature, etc.), but also, crucially, the "horizontals" — for example:

- With our **human resources & talent development colleagues we are exploring what the emerging competency framework means for recruitment, professional development and ways of working.**

- The Country Office Support Teams are working with colleagues in the field (and human resource teams) **to prototype different ways of working that balance tensions of a current (projectized) & aspirational (portfolio) organizational logic** (partly inspired by the Danish Design Center's work).

- We embarked on a journey to review our legal instruments — we are part of a broader effort to **embedding the portfolio logic in new legal instruments.** A 'portfolio template' would change our relationship with donors and government partners.

- In collaboration with SIDA, we're designing a new **monitoring, learning & evaluation framework for portfolios** underpinned by the competencies framework and ultimately seeking to evolve a different form of accountability in the world of fast paced change. Programs such as **Mayors for Economic Growth** are testing what these new configurations means for municipalities and with **Center for Public Impact** we are exploring what are the implications with donors.

Once again, we are entangled in this transformation journey with our partners and donors meaning we need to build the will to explore a different positioning for ourselves whilst at the same time igniting a similar conversation in other organizations as we collectively enact our portfolios.

We'd love to connect if you're working on similar questions and compare notes! You can dig into our emerging portfolio competency framework here.

*Special thanks go to our partners at the Chora Foundation who played a critical role in helping us kick-start the system & portfolio journey in UNDP.

Strategic Innovation   Portfolio Approach   Competencies   Complex Problems

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