



Working in Complex Systems: The Rubber Value Chain in Indonesia

Q & A Transcript

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Presenters

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Moderator: Thanks very much for that. We're going to open the floor to questions. As I come around with the mic, please state your name and affiliation before asking your question, okay?

Question: I'm _____ from USAID. What I'd like to do is dominate the next hour and just have a one on one with _____, but that might be rude. So, my wife's working with me on the rudeness thing. Yeah. Gosh. This is like being at the cafeteria and only allowed one item. Let's talk a minute about the chart. You showed the relationships, which I think is quite helpful as you put them together. It's a complex adaptive system. It's complex because each component has its own independent reactive capacity – it's not just complicated. It's complex. One of the reactors that I saw there is: you've now gone around the rubber collectors. They make their money on that. I'm not opposed to going around them; I'm just wondering: how did they react? How did you deal with their reaction? How did you plan for that reaction?

Male: I think what's happened – the village rubber collectors are part of the village entity, and so they joined into working with the whole process. They're also rubber farmers. We were – so, we had the village collectors in with us. So, they joined into the process, and they joined into the groups that were selling rubber directly to the factories, and they're doing the transportation. And so, that's been organized. They self-organized that. The next layer of rubber collectors, we haven't dealt with, and I think part of the reason for that may be: we're working with a small aspect of the chain in a specific area. We may not be having a big enough impact on them, yet. That's the best I can answer for that, because we haven't seen a negative reaction from them. My suspicion is: because we're working at a far end of the – sort of the physical chain with essentially seven villages, and focusing on those, we may not be impacting that group, yet.

Question: So, putting it back in the container language, it sounds like what you're dealing with at this end of the chain is those rubber collectors are part of the container. They're producers as well, so they were not badly – they weren't cut out. They weren't the evil middle man being cut out.

Male: No, no.

Question: These were something else.

Male: One point, though. We heard suspicions of rent sinking in the chain. The group that did the analysis didn't find any, which may not be normal, but we weren't – I came in later after the reports were done, but the reports

were not mentioning any rent sinking – any extreme rent sinking within the chain.

Question: And just an observation, and then I'll stop. You listed the containers there, and obviously you didn't try to deal with every container.

Male: No.

Question: You found the ones that made sense within the system as you saw it, and then if you could move one of those, then the others would change.

Male: Yeah.

Female: You look for the difference that makes the difference.

Male: I think as you go through the process, the containers you focus on may change, step by step.

Question: I, too, feel like I'm in a cafeteria and I only get to have one thing. One thing that – first of all, I got so excited, Donna, when you were talking about the model, because so much of it applies to our discussions about market systems, we had _____ and then making markets work for the poor people here in the last couple of days. And that model is so much – there's so many parallels. We used so many words. So, that was really exciting to me. One of the – and I have two things I think I want to ask, since he had two. One of the things that we think about doing within a system – a market system, for example – and very much like your containers, we have social norms, and we have economic things going on, and social things going on, and policy issues, and – the complexity of that system. And one of the things that we think about is, as facilitators, how can we come in, catalyze, leverage – many of the same words you're using, changes in that system to improve its performance without becoming part of the system. You brought up the idea that, of course, you make one change in a system, and life happens, and there are going to be other challenges in the future. One of the things that we're trying to do in trying to achieve a sustainability is how to affect the system so, in the future, the system can solve its own problems. Because, one of the reasons we talk about why many of our projects aren't sustainable is that they need a project, or we think they need our project or our intervention in order to reduce poverty, or improve food security, or a deal with humanitarian assistance. One of the things we're all looking for is how we can really achieve sustainability so that that system can begin to solve its own problems, so that you're building in the capacity of that system for the next go around to be able to solve its own problems. I think that is such a key issue, and I guess that's such a big one –

Female: Well, from my perspective, I think that it's really a participatory process. And as you're working with people, you're educating them, and teaching them what to look for: how do patterns form? When do you want these patterns? When do you not want these patterns? Basically, doing that, letting them understand that the concepts of the containers – the differences in the exchanges, and making sure that everybody's involved in it, everyone is coupled – would be my sense, and how not to become part of that system, I think as a change agent moving in, moving out, touching, and involving, and delegating. Do you have a comment on that, too?

Male: I think so. It's a big question.

Female: It is a big question.

Male: But one thing we saw at the workshop was people getting together, and not just in our sessions, but between sessions. Factory owners talking to rubber collectors. Because, relationships were key, so factories would actually limit their collectors. They wouldn't buy from any collector that showed up at the door. They would buy from those they had relationships with. So, just having them in the room, we started seeing new connections being made at that level, and also with the farmers. That was greatly appreciated by the system. I did suggest as follow-up as: can you do this again? Can we make this an annual event where the system can come together? That didn't take off, or hasn't taken off yet. People were interested, but nobody was willing to pony up the money, essentially, from within the system. So, but I think as you develop mechanisms that bring people together, that give the system the ability to self-organize and institutionalize in that may help.

Female: It's really increasing the exchanges in the system.

Question: We're going to take a webinar question. So, we have 24 people joining us online, and there are four good questions, now. I'll start with a question from Marcos _____, who is joining us from Switzerland. The question is: how does the MNE system differ from the traditional project in order to be able to measure the butterfly effect? And also, Marcos asked whether the actors were already included in their original analysis of the system in a more particular way, rather than just interviews.

Female: Do you want to touch on that part?

Male: I'll touch on the second part. The actors were – at the workshop where we created the new container, we actually went in and participatively evaluated the system. So, we had interviews, and we had the report, but we actually went back and had the actors evaluate the system themselves.

We looked at what they thought the strengths and weaknesses of the system were, what their complaints were, what was working well, what they wanted out of the system. We tried to see how we could fit – how each group wanted – what each group wanted in the system into a whole to come up with a – what we called a vision for the system, and how we can work together to get it. That was done in a participatory workshop of about 35 to 40 people with the representatives from the farmers, factory workers, the rubber collectors from the villages, government agencies, and university researchers. So, we actually – it wasn't just us doing an interview and coming up with a report.

Female: And the first question was about measuring the butterfly effects. I think, also, by – when you're entering the system, and you are measuring what's happening, you're looking for your positive butterflies that you've released into the system, yourself, or checking for negative butterflies that may be stopping the process. So, I think you're looking to see how fast the system is moving forward, and the butterflies are your feedback – part of your feedback.

Question: Okay. I'll read two more questions, and then we'll take one from the room, maybe yeah? So, one question is from Elizabeth Dunn, and she is with Impact LLC. Question for Donna: in your opening statement, you stated that some of the assumptions, and one of them is the future is unchangeable. If so, can you please explain that point?

Female: The history in the system is unchangeable. It has already happened. It's fixed.

Question: And then, a question from –

Male: The future –

Female: Oh, but – no. I said, well maybe I made a mistake, then. I said the future is unknowable. It's uncertain. That was what I meant to say. I'm sorry if I didn't.

Question: And the second question is from _____. What was the change in intervention after the human system analysis, as compared to the original value chain intervention?

Male: This is just an example of how the two overlap, and why the human systems dynamics is a meta-analysis. I'm trying to put the two together. So, we haven't done an intervention directly based on this at this point. I'm trying to show an overlap here of how this is a meta-model that can be used to help further the use of the regular interventions in value chains.

Question: I'm Dan Nirell from World Vision, and my question is for Frank. In terms of in the workshop, and off – so, after the workshop in terms of what the project did – the development organization – in terms of that linkage between the rural farmers and the factory – rubber factories. You're trying to make that connection in terms of a change in the system. What did the project do? What did people do on their own? How did you keep that system change actually changing? And then, Donna, if you want to add any comments in terms of kind of looking at the model in terms of that intervention. What I'm trying to probe is: what did the development project do to help the facilitate that system's change?

Male: First, we had a training on quality rubber where both farmers, traders, and factory members came together, and then a follow-up was setting up a farmer field schools, and a key section of that was a farmer visit to the factories. This is all done by the development agency. An outgrowth – actually, an outgrowth that came out of the farmers – after the training for the quality rubber was we're going to go back and pilot this. This is really interesting. I'm going to go back to our group, and we want to pilot this. Having made the connections, then, we did accompany for the first time or two – the rubber delivery to the factories. We also did try to reduce the risk, and I think there was a deal about if the losses were too great because of the – we weren't sure how much – we would get a better price, but we'd also be selling less weight, and we weren't sure quite how that was going to play out in terms of total income. We did protect the farmers for the first round or two on that. At this point, it's more accompanying the farmers and the traders to the selling point in the factories, 'because they already have their connections, and they know how to get there. So, after that, they were doing it on their own.

Female: So, what I'm hearing from what you're saying, Frank, is that you were creating two new containers, one of them being the training. But in addition to that, you were increasing the exchanges across the containers.

Question: There are two more questions from the webinar on methodologies and tools. One question is from Bashir Habib. What organizational development or tools were especially effective in your process? And another question is a follow-up from Marcos _____, whether there are specific tools or measurements that you use to measure the butterfly effect, that he asked about earlier?

Male: I'm sorry. Could you repeat the first part of that?

Question: Yeah. If there are any tools or methodologies that you use for organizational development that have been especially effective?

Female: Within the context of the project, I think.

Male: Within the project?

Question: I think so, but I'll try to see if I can pull up with Bashir.

Male: Yeah. Within the context of the project, a facilitated workshop – a participatory facilitated workshop was –

Question: So, here's the follow-up to this question: it would be interesting to find out how does the matter analysis help in changing situations on the ground, and what sort of interventions are planned in addition to the original VC activities? And, _____ is with the ____ International Institute in Canada.

Male: I think the way to answer that, at this point, the team is a little stuck because of the farmer's reactions to fluctuating prices. And in one sense, the pricing system within the chain is working. It's working according to government regulations, and the world prices are now flowing down to farmers. So, how do they affect that? How are they going to change that? Part of it is: one container is look at their management systems – why are they producing rubber? Is it just for family income, or can we commercialize it? Or, are there ways to protect farmers from the price fluctuations? And that could require looking again back into the systems around the farmers. What are systems available, and in an environment that they could be connected to and used? I mean, the first ones that of course come to mind would be some sort of credit program that would help them alleviate fluctuations, but where might that come from? Again, they're stuck because they don't know where to go, and this can help them to begin looking for opportunities.

Female: And then, I guess as far as OD models that we might use, open spaces is a very good tool. Open space technology is a very good tool in this case, where you bring people together, and you just – around a question – and you just open it up, and they go into small groups, and there are four rules for open space, and Frank, you can help me with these. One is: when it happens is the right time, whoever comes are the right people – there's another one in the middle, and the last one is when it's over, it's over. But you create this space, and people take the question, and they go out, and they brainstorm, and they come up with amazing, amazing ideas and solutions, and then bring it back together in the general group.

Male: It's actually a creation of a self-organizing system.

Female: It is.

Male: The basic law that holds it together is the law of two feet. If you're in a session where you're not receiving or getting something out of it, or you're not contributing, go somewhere else. So, that ensures that all sessions are tended to by people who have a passion on the topic. And when you bring passionate people together, things happen.

Female: Another HSD tool that comes to mind which is really useful is what we call same in difference. You bring people together and they start listing their same and their differences. And then, as they work on those, they begin to realize that, you know, their differences really aren't that different. And using that tool, you can quickly come to find the differences that really make the difference in the system. That's one of my favorite ones. And then, for the question on the analysis of the butterfly effects, I'm not qualified to answer that question, but if the person who posed it would care to send me an e-mail, I would be happy to put you in touch with the institute, and they are perfectly capable of answering that question fully to your satisfaction.

Male: There are a lot of tools in the book here.

Female: And, there's also a book that I recommend is called *Facilitating Organization Change: Lessons from Complexity Science*. It's by Edwin Olson, O-L-S-O-N, and Glenda Eoyang, which is spelled E-O-Y-A-N-G. It's part of the practicing organization development series, and it's published by Pfeiffer. It's also listed in the references at the end of the PowerPoint presentation. So, this is the book. And Glenda herself is always very happy to answer anyone's questions.

Question: Hi, Andrea Kline on behalf of several small non-profits considering work abroad. My question is: how long was this project, and how did you engage non-profits, especially those interested in the microfinance or social capital ventures?

Male: For this part of this project, probably – to get to the point where I'm talking about, about eight months, less than a year. At the time, there were no NGO projects in microfinance going on, so we didn't engage them. It wasn't – there were internal issues why that was not going to go forward. So, we were focusing more on looking at the quality rubber and the pricing chain of that. So, that's an opportunity, but it's not one we looked at in that time period.

Question: Hi, I'm Stacy Crevello from International Relief and Development. Where in Kalimantan did this study take place?

Male: Central Kalimantan.

Question: So, the factories were located in –

Male: Somewhere in Central Kalimantan, somewhere in South Kalimantan in Banjarmasin.

Question: Okay.

Male: I don't want to be too specific 'because I don't have total permission to be explicit about who was running the project.

Question: I don't need to know who's running the project. I was just interested for contextual purposes where exactly in Kalimantan it was taking place, because it would be very different from East to West.

Male: No, no. It's Central and South Kalimantan.

Question: Okay, thank you.

Question: One more question from the webinar from Prince _____, and he's with Sandler Trade LLC. During your work with the rubber farmers in Indonesia, how can you describe the situation of these farmers, and is there any relationship between them and the importers, either directly or indirectly? And, Prince stated he understood that you mentioned that these farmers are disconnected with the factories, but is there any improvement in the interaction between these parties as a result?

Male: Oh, yes. Big improvement. They've developed a working relationship, and the farmers are now selling rubber directly to the factory owners. We did not include the exporters or international rubber producers, which would've been very interesting to have done. I would've liked to have done that, but we weren't able to. So, we weren't making connections to farmers that far up the chain, but the relationships between the farmers and the factories has held over the past two years.

Question: I mean, I wish we had a lot more time, because I would want to go back to the model and really try to understand how to apply it, but I've been recently in Northern Kenya where the pastoralists are being affected by recurrent drought. There, you have a very complex system 'because the pastoral system itself is very complex; the social norms are very complex, you've got the political economy is complex, the enabling environment is very complex. So, just to take one part of your model, I'm not clear vis-à-vis these containers, and maybe even the exchanges how you use those to come to an intervention. So, say in the case of the pastoralist, I could thing the mindset of the pastoralist of around livestock is a very big issue. The enabling environment is a big and complex issue. So, how do you use

these tools to understand all of these complexities and then what to do about them?

Female: I think that the example that Frank gave when working with the farmers was identifying the situation and creating the appropriate containers for – and going back to the Kalimantan example – and I’m not terribly familiar with the Northern Kenya situation, but if you’re the – I would imagine that the object of the project then is to increase herds, or to increase whatever.

Question: It’s really to change – part of it is to change the mindset of pastoralists who now hold onto their livestock longer than benefits them, really, because they hold onto them, and they get more and more stressed due to the drought. So, it’s a system that they have that has worked in the past, but now with recurrent drought, it doesn’t work.

Female: Yeah, so their patterns need to be broken. So, looking at the same and the difference in there, what’s the same now? What’s different? What different types of behaviors, containers do you need to create in order to create the differences that you need at this point? I think that might be my first answer to that, but it’s also a complicated question that deserves a lot of thinking about.

Male: But I think, also then, that you start with that as the center of your system. There’s a reason they were holding onto the animals so long, and it affects their families, the cultures involved. And so, how can we break those ideas up into containers? Or, the people in the system – so, it affects their families, it may be for cultural reasons, social reasons – you start breaking those up.

Question: What’s the utility of the containers? How do you use them? How does it help you?

Male: Containers can either inhibit change – they’re too tight. And so, say a person’s mindset is – this is the way the world is, and I’m not changing that. What we want to do, then, is really loosen that container or combine it with another container. So, if containers are too tight, you can’t have change, or they can be too loose, too diffuse, and they can’t hold the group together. So, that group can’t come to focus. So, maybe you want to create a container, or strengthen a container. It’s hard to be general, and not knowing the system – they’re all interrelated. As you can see, if you bring – if you make a new container and bring different groups into it, you’re ___ creating new exchanges. So, everything relates. And as you go through the analysis – so you may want to look at the exchanges. So, as you’re saying, who are the exchanges? Who are the people involved in the whole system of why farmers hold their animals too long? It could be their families, it’s their communities, there could be traders who don’t

know – but you expand out the system. As you do the analysis, you throw in as much as you can, and develop it as much as you can to begin to see what may influence the pattern.

Question: I have another question with regard to intergenerational interaction. Are you finding differences between that of the older versus younger farmers, and the willingness to be more open to other possibilities?

Male: That's a very good question; one that we did not get into. That's another set of containers and exchanges to look into. Again, I'm applying this backwards in a sense, and so our initial value chain assessment did not cover that, and partially 'because it probably – we didn't see it. I think it's there. I think it's a very good point.

Question: There's another question from the webinar, from Marcos _____. The question is: could you see any effect beyond the project? For example, factories reached out to farmers outside of the project that were not first included in the workshops.

Male: I can't answer that question because I left soon after we did this, so I don't know. I would really hope so. That would be a great, great result, but I'm not sure it happened.

Question: I have a – Wade ____ again, for those in the webinar. I have a question that's a little more theoretical just based on this chart. I remember from reading the paper and looking at this chart and that a lot of the work that we're talking about is in that center area where it's not fully stable, or not so unstable that you really can't work with it. But it seems also that part of what you're talking about here is: how do you take stability that's producing the wrong effects, and make it unstable, and then bring it back to a new stability?

Female: Yeah. You also want to break that up. I guess, ways of doing that, again, what's happening in that system? What are the behaviors that need to be changed? How do we begin to put in a little chaos there to start opening it up? The tools I – not quite sure what I would do in that case – I generally worked in the other direction trying to bring things together. And Frank, you may have an idea there as well?

Male: We may say it looks stable, but it's only stable as long as there's no change. And in market systems, there's a lot of change. So, international prices change constantly, and if you look at it again, there's some butterfly effect type things going on. Some changes haven't had an effect in the system, even if they're big changes. Other small changes can have big effects on the system, but the system really is up in this emergent zone, even if it's looking stable, I think.

Question: It seems to me like what you did – the part that was stable over time, or had been for a while was: you had a pricing system based on weight. There was quality, but that wasn't transferring back, and you created a new container that actually upset that system, that created the opportunity for the change space where you normally work, and then to bring it back into a new stable, predictable system that could be managed a little better.

Male: Exactly. Yes.

Moderator: I think we have time for one more webinar question, and then we'll close. If anybody didn't get a chance to ask a question that they'd like – no? No more questions over there? If anybody didn't get a chance, you can always go to the Breakfast Seminar event page, scroll down, post the comment there, and our presenters can respond. That is available to you.

Female: So, I want to thank Donna and Frank for such a fascinating presentation. I only wish we had a lot more time, and I look forward to talking to you about it later. Thank you so much.

Female: Thank you so much. It was great to be here.

Male: Great. Thank you.

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